GENERAL SALES TAXATION IN FLORIDA

by

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PREPARED BY THE RESEARCH STAFF OF THE FLORIDA CITIZENS TAX COUNCIL FOR CONSIDERATION BY THE COUNCIL AND THE PUBLIC

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This interim study was prepared by the research staff of the Florida Citizens Tax Council to acquaint the Tax Council, the members of the Legislature and other officials, and the public with the factual findings and suggested possible improvements regarding general sales taxation in Florida.

The Florida Citizens Tax Council has not analyzed or evaluated the factual findings; nor has it either endorsed or rejected any of the recommendations contained herein. This publication, therefore, is not to be taken as the report or recommendation of the Tax Council. This and other research studies are being made available to obtain the views and suggestions of officials and citizens in order that the Tax Council may benefit from the judgment of informed readers before rendering its report to the Governor and to the 1957 Legislature.

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EDITORIAL INTRODUCTION

In the preparation of this report, Dr. LeRoy Qualls was assisted by the research study of Dr. C. D. Smith, Dr. Felix Muehlner and the advice of Dr. C. H. Donovan — all four of whom are on the faculty of the College of Business Administration, University of Florida.

The research staff of the Florida Citizens Tax Council is making available to the Council and the public a series of studies analyzing individual Florida taxes or examining the tax system as a whole. Pursuant to the direction of the 1955 Legislature establishing the Tax Council, both the state and local aspects of Florida taxation are subject to investigation. So wide a scope for study makes the issuance of a series of reports preferable to a single voluminous compendium.

Although many of the reports are being issued directly under the auspices of the Florida Citizens Tax Council, several important studies of the series will be published by the Bureau of Government Research and Service, School of Public Administration, Florida State University. The Tax Council has contracted with that institution to undertake the research and accompanying publication for studies of property assessed valuation and related subjects that are part of the Tax Council's research program.

Following the issuance of the research reports, the Florida Citizens Tax Council will conduct hearings and submit a report of findings and recommendations to the Governor and the 1957 Legislature.

Wylie Kilpatrick, Executive Secretary
Florida Citizens Tax Council

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Recent Rise of Sales Taxes to Importance

Origins among the states.—Sales taxes, like many other features of present day economic life, have their origin in ancient times and other countries. In the United States, taxes on the sale of certain commodities have been utilized since the colonial era, but general sales taxation, unlike selective excises, has never appeared at the federal level.

Among the states, several nineteenth century enactments placed taxes on sales of various commodities. Yet the present day type of state general sales tax essentially began with West Virginia in 1921. A successful revenue source, the sales tax has been modified and retained in her tax system. After a rather unsuccessful 1930 law providing a low rate, multiple stage tax on gross sales, with considerable exemptions, Mississippi revised her sales tax law in 1932 with appreciably higher rates. This was the earliest state general sales tax to place a substantial rate on retail sales (2 per cent).

The breakdown of property taxes, together with continued or increased need for expenditures, led many states to adopt some form of general sales taxation during the decade of the 1930's. By 1940, a total of 31 states had imposed a general sales tax at some time since 1920.

Students of taxation were almost unanimous in their evaluation of this new tax form as an undesirable development. Vigorously opposed in every state, the sales tax was widely regarded as tolerable only as a temporary emergency measure. During the 1930's the sales tax laws of nine states were repealed or allowed to expire, but expiration dates in eight others were extended or removed.

During the 1940's several states reduced their sales tax rates. No additional states adopted this tax form until expanded revenue needs following World War II brought seven new states into the list of sales tax states after 1947, together with renewal by three others that had allowed earlier laws to expire. In 1949 Florida joined this group with a 3 per cent tax on retail sales, transient lodgings, and admissions. As a result of 35 years of sales tax legislation, 33 states employed some form of general sales tax in 1956. Of the 15 states not having a general sales tax, five had some experience with this tax during the 1930's.

Types of sales taxes.—Although no two of the 33 states that tax sales do so in exactly the same way, these general sales taxes are

all relatively broad based, in contrast with selective sales taxes (or excises) which are narrow based. The four main types of general sales taxes used by the states are distinguished primarily by the broadness of their base. They may be described as based on (1) retail sales, (2) retail sales plus additional types of sales, (3) gross receipts, and (4) gross income.

Retail sales taxes are those based mainly on sales of tangible personal property at retail or for consumption. These frequently also include admissions, restaurant meals, and public utility services. This type is employed by 28 states, seven of which are in the southeast. Although classified as a retail sales tax, the Florida tax also applies to several classes of service trade receipts, of which the most important are transient lodging rentals and admissions to amusements. The distinguishing characteristic of this type is its application to a single stage in the economic process of distributing commodities and services to the consumer.

Taxes on retail and additional sales extend the tax base beyond retail sales to include one or more of the following classes of sales: wholesaling, manufacturing, and extractive industries. Sales taxes of Arizona and North Carolina fall into this multiple stage type.

Gross receipts taxes are those whose base includes retailing, wholesaling, manufacturing, extractive industries, and various personal and professional services. Taxes of this multiple stage type are employed by Mississippi, New Mexico, Washington, and West Virginia.

Gross income taxes apply to all classes mentioned in the other categories and, in addition, to receipts from non-business type transactions, such as wages and salaries of employees, interest, rents, and dividends. Sales taxes of Indiana and West Virginia are of this type. They are the broadest of all types of sales taxes in their application to nearly all economic transactions.

In summary, 38 sales taxes are employed at present by 33 states. The difference between these figures is explained by the levy of a retail sales tax by five states in conjunction with a gross receipts tax (exempting retail sales) in Arizona, Mississippi, and New Mexico, and in addition to a gross receipts or gross income tax (including retail sales) in Washington and West Virginia.

Essentially an administrative supplement to the sales tax, a *use tax* is employed by 31 of the 33 sales tax states. Only Indiana and Missouri at present do not employ the use tax. Except in the discussion of the administration of sales taxes, use taxes will not

TABLE 1.—TYPES AND RATES OF SALES TAXES IN 33 STATES: 1956

State	Type of Tax	Rates of Tax Levied					
		Retail	Whole-sale	Extrac-tive	Manufac-turing	Personal and profession-al services	Wages, interest, rent, dividends
Southeastern:		%	%	%	%	%	%
Alabama	Retail sales	3.000[1]	——	——	——	——	——
Arkansas	Retail sales	2.000	——	——	——	——	——
Florida	**Retail sales**	**3.000**	——	——	——	——	——
Georgia	Retail sales	3.000	——	——	——	——	——
Louisiana	Retail sales	2.000	——	——	——	——	——
Mississippi	Gross receipts	3.000[2]	.125	3.000	——	3.000[4]	——
North Carolina	Retail plus	3.000[3]	.050	——	——	——	——
South Carolina	Retail sales	3.000	——	——	——	——	——
Tennessee	Retail sales	3.000	——	——	——	——	——
Other States:							
Arizona	Retail plus	2.000	.250[5]	1.000	——	1.000[6]	——
California	Retail sales	3.000	——	——	——	——	——
Colorado	Retail sales	2.000	——	——	——	——	——
Connecticut	Retail sales	3.000[7]	——	——	——	——	——
Illinois	Retail sales	2.500	——	——	——	——	——
Indiana	Gross income	.500	.250	1.000	1.000	1.000	1.000
Iowa	Retail sales	2.500	——	——	——	——	——
Kansas	Retail sales	2.000	——	——	——	——	——
Maine	Retail sales	2.000	——	——	——	——	——
Maryland	Retail sales	2.000	——	——	——	——	——
Michigan	Retail sales	3.000	——	——	——	——	——
Missouri	Retail sales	2.000[8]	——	——	——	——	——
Nevada	Retail sales	2.000	——	——	——	——	——
New Mexico	Gross receipts	2.000[1]	.125	.500[9]	.250	2.000	——
North Dakota	Retail sales	2.000	——	——	——	——	——
Ohio	Retail sales	3.000	——	——	——	——	——
Oklahoma	Retail Sales	2.000	——	——	——	——	——
Pennsylvania	Retail sales	3.000	——	——	——	——	——
Rhode Island	Retail sales	2.000	——	——	——	——	——
South Dakota	Retail sales	2.000	——	——	——	——	——
Utah	Retail sales	2.000	——	——	——	——	——
Washington	Retail sales	3.333	——	——	——	——	——
	Gross receipts	.400	.400	.400	.400	.800	——
West Virginia	Retail sales	2.000	——	——	——	——	——
	Gross income	.500	.195	1.3 to 7.8	.390	1.000[4]	1.000[10]
Wyoming	Retail sales	2.000	——	——	——	——	——

Source: Ohio Department of Taxation and Tax Foundation.

[1] Motor vehicles 1 per cent.
[2] Motor vehicles 2 per cent.
[3] Maximum tax on any single article $80.
[4] Except professional services.
[5] Sale of poultry and stock feed to consumers taxed at wholesale rates.
[6] Includes advertising, contracting, and printing.
[7] January 1 to September 30, 1956, at 3.5 per cent.
[8] Trailer camp rentals 3 per cent.
[9] Oil, natural gas, potash 2 per cent.
[10] Applies only to certain rents, royalties, and real property income accruing to corporations.

be specifically recognized in this report. The base of a use tax is generally the privilege of importing, using, or storing within the state the same types of tangible personal property subject to the sales tax. The use tax thus serves to plug an avenue of avoidance of a state's sales tax, since *sales* in interstate commerce can not be taxed constitutionally, but *use* of an article purchased in interstate commerce can be taxed.

Interstate comparisons.—Table 1 compares the types of sales tax and the rates of tax of the 33 sales tax states. Nine southeastern states and 24 states in other regions are included. Among nine southeastern sales tax states, only Mississippi and North Carolina go beyond the narrower coverage of the retail sales tax. The former has a gross receipts tax, the latter has a tax on retail plus wholesale sales. Outside the Southeast, 18 states confine their sales tax to retail sales, five supplement a retail sales tax with another type, and one (Indiana) employs the even broader base of gross income.

Use of two types of sales tax by the same state does not result in a lower rate on retail sales than that found among other states. Washington's retail rate is 3.333 per cent, which is the highest of any state. West Virginia's retail rate is 2 per cent, which is exceeded by 15 of the 28 retail rates.

The most common rate on retail sales is 2 per cent, found in two southeastern states, Arkansas and Louisiana, and in 15 nonsoutheastern states. Florida and six other southeastern states tax retail sales at 3 per cent, along with five states in other regions. Indiana, having a gross income tax, applies a rate of .5 per cent to retail sales, while Illinois and Iowa employ a rate of 2.5 per cent on retail sales.

Among those states that include more than retail sales in the tax base, the common practice is to apply a lower rate to one or more of the other groups of transactions included. Tax rates on wholesale transactions vary between .05 per cent in North Carolina and .65 per cent in Michigan. Rates on extractive industry sales vary from .4 per cent in Washington to 7.8 per cent in West Virginia. Rates on manufacturers' sales range between .25 per cent in New Mexico and 1 per cent in Indiana. Personal and professional services are taxed from .65 per cent in Michigan to 3 per cent in Mississippi. Wages, interest, rent, and dividends are taxed at 1 per cent by both Indiana and West Virginia.

Selective sales taxes.—In addition to taxing broad categories of sales, many states also tax a number of selected commodities and services at the time of their purchase. Cigarettes and other

TABLE 2.—MEASURES OF ALL SALES AND GROSS RECEIPTS TAXES OF THE 48 STATES, BY REGION: 1955–1956

Region and State	Amount (thousands)	Per Capita	Per Cent of Personal Income	Per Cent of Total Taxes	Per Cent 1955 Sales and G.R. Taxes of 1955 Revenue
48-state total	$7,796,150	$47.64	2.6%	58.4%	36.3%
New England	408,089	41.05	2.0	52.1	31.9
Connecticut	147,085	65.63	2.7	71.5	46.0
Maine	49,837	55.07	3.5	75.0	40.5
Massachusetts	138,715	27.65	1.4	35.8	23.3
New Hampshire	16,492	29.61	1.7	53.6	24.3
Rhode Island	42,894	50.76	2.7	70.9	40.8
Vermont	13,066	34.57	2.3	40.8	27.6
Middle East	1,129,035	29.90	1.4	40.9	26.2
Delaware	13,772	35.59	1.4	28.1	18.4
Maryland	126,400	47.36	2.3	50.8	41.9
New Jersey	148,654	27.43	1.2	57.9	27.5
New York	403,095	25.00	1.1	29.7	19.5
Pennsylvania	315,073	28.23	1.5	44.9	29.7
West Virginia	122,041	60.96	4.8	84.7	50.8
Southeast	1,741,950	51.64	4.0	66.1	41.8
Alabama	153,385	50.57	4.2	72.3	41.7
Arkansas	81,674	45.65	4.3	69.7	43.5
Florida	**270,266**	**73.38**	**4.6**	**76.7**	**55.8**
Georgia	232,836	64.30	4.8	78.8	52.0
Kentucky	93,501	31.12	2.5	54.6	34.0
Louisiana	197,823	67.59	5.1	58.7	31.1
Mississippi	101,624	48.14	5.0	71.9	45.5
North Carolina	199,970	46.67	3.7	56.7	38.3
South Carolina	128,764	56.40	5.0	72.0	49.0
Tennessee	184,885	54.11	4.3	74.0	45.9
Virginia	97,222	27.16	1.8	42.9	28.5
Southwest	537,899	43.01	2.7	52.5	31.0
Arizona	60,878	62.12	3.8	61.1	37.0
New Mexico	61,379	77.21	5.4	66.2	35.4
Oklahoma	132,850	61.28	4.0	58.0	37.9
Texas	282,792	33.02	2.0	46.9	26.5
Central	2,267,000	52.02	2.6	66.4	42.8
Illinois	522,584	55.83	2.5	81.5	56.2
Indiana	212,068	48.98	2.6	76.4	49.9
Iowa	151,544	56.29	3.6	65.8	40.8
Michigan	517,569	71.53	3.3	68.2	46.0
Minnesota	103,442	32.59	1.9	36.4	24.6
Missouri	162,883	39.46	2.2	63.3	39.8
Ohio	491,628	54.83	2.7	77.3	44.5
Wisconsin	105,282	28.50	1.6	32.0	19.5

TABLE 2 (Continued).—MEASURES OF ALL SALES AND GROSS RECEIPTS TAXES OF THE 48 STATES, BY REGION: 1955–1956

Region and State	Amount (thousands)	Per Capita	Per Cent of Personal Income	Per Cent of Total Taxes	Per Cent 1955 Sales and G.R. Taxes of 1955 Revenue
NORTHWEST	$ 399,754	$46.28	2.9%	59.0%	34.4%
Colorado	81,317	52.50	3.0	56.4	33.9
Idaho	19,933	32.73	2.2	42.7	22.8
Kansas	102,108	49.57	3.0	63.9	44.6
Montana	24,380	38.52	2.1	49.7	22.6
Nebraska	40,204	29.11	1.9	54.0	34.4
North Dakota	32,492	50.61	3.7	62.2	29.7
South Dakota	38,331	56.62	4.5	79.3	42.7
Utah	41,523	53.17	3.4	60.5	36.4
Wyoming	19,466	63.61	3.6	56.9	27.7
FAR WEST	1,312,423	75.01	3.4	63.7	38.1
California	968,093	74.29	3.3	63.2	38.4
Nevada	22,226	98.78	3.9	76.1	26.3
Oregon	40,315	24.16	1.3	24.9	15.6
Washington	281,789	109.65	5.4	83.4	48.8

Source: U.S. Bureau of the Census, *State Tax Collections in 1956* and *State Government Finances in 1956.*

tobacco products, gasoline and other motor fuels, alcoholic beverages, insurance premiums, public utility services, pari-mutuels, admissions to amusements, soft drinks, restaurant meals, cement, radios, lubricatng oils, oil well servicing, and motor vehicles are all subject to excise taxes on their purchase or sale in one or more states. Table 2 shows the relative importance of selective and general (broad-based) sales and gross receipts taxes in Florida and other states.

In the fiscal year 1956, Florida collected $270,266,000 from all forms of sales taxes. This represented $73.38 per capita and was 76.7 per cent of total state taxes. This amount per capita was exceeded by California, Nevada, New Mexico, and Washington. In only six states was a higher percentage of total state taxes derived from general and selective sales taxes, Georgia being the only southeastern state in this group. Others were Indiana, Ohio, South Dakota, Washington, and West Virginia.

When the amount collected from all forms of sales taxes is compared to personal income of state residents, Florida's percentage of 4.6 is exceeded only by Georgia and South Carolina in the Southeast, and by the non-southeastern states of New Mexico, Washington, and West Virginia.

Total state consumption taxes.—Table 3 compares the proportions of state tax collections in Florida and other states derived from general and selective sales taxes in 1954-55. Florida derived 76.88 per cent of her total taxes from sales taxes of all forms. The average was only 59.24 per cent for the 48 states, of whom 15 do not levy general sales taxes. Confined to the 33 states that tax general sales as well as selective items, the proportion was 68.04 per cent. Among the states taxing general sales, the average proportion of tax revenue derived from all forms of sales taxes differed little between southeastern states and other regions. In the three selective sales tax forms — motor fuels, alcoholic beverages, and tobacco — Florida's tax was well above the averages of any of the groups of states. Florida clearly is, in many aspects, more dependent on consumption taxes than the average state. The one exception to this statement is the lesser dependence on general sales tax revenue than other states utilizing this type of tax.

TABLE 3.—GENERAL AND SELECTIVE SALES TAXES AS A PERCENTAGE OF TOTAL STATE TAX COLLECTIONS: 1955
(Includes business taxes based on gross receipts: "other" selective sales taxes are chiefly on pari-mutuels, insurance, and public utilities.)

State	All Sales Taxes	General Sales Taxes	Selective Sales Taxes			
			Motor fuels	Alcoholic beverages	Tobacco	Other
	%	%	%	%	%	%
48-state total	59.24	22.70	20.27	4.06	4.08	8.13
States taxing general sales	68.04	32.69	20.97	3.81	3.59	6.98
Southeastern states	69.66	27.85	25.07	5.29	4.69	6.76
Florida only	76.88	23.93	26.40	9.99	6.55	10.01
Oher states	67.54	34.19	19.70	3.35	3.25	7.05

Nature of federal excises.—The federal government has never levied a general (broad based) sales tax of any type. The strong group pressure for a manufacturer's sales tax at the federal level, exempting only food, has been unsuccessful. However, from the very beginning of our national government certain commodities have been subjected to excise taxation. During World War II, the list was so increased that now the federal government collects excises on a considerable number of commodities or transactions. Most of the items subject to federal excises are also among those classes included in the general sales tax bases of many states. Therefore, a pertinent question is the relation of federal excise

taxes to state selective sales taxes (excises) and general (broad based) sales taxes.

Because certain federal excises are levied at the manufacturing stage of distribution and others at the retail stage, federal tax collection data do not readily reveal what amounts are paid by consumers in each state. Mushkin and Crowther of the U. S. Department of Health, Education, and Welfare have attempted to show the incidence of Federal excises on the consumers of each state.[1] Table 4 indicates in some detail the amounts of various Federal excise collections in 1952 that can be considered as paid by Florida residents after the shifting of taxes to consumers. In

TABLE 4.—FEDERAL EXCISE TAX COLLECTIONS IN UNITED STATES AND THE BURDEN OF FEDERAL EXCISES IN FLORIDA AFTER SHIFTING OF TAXES TO CONSUMERS: 1952
(Amounts in thousands of dollars)

Type of Tax	United States Total	Florida	
		Amount	Per cent of U.S. total
Total	$8,944,111	$173,658	1.94%
Alcoholic beverages	2,546,539	54,390	2.14
Tobacco products	1,565,146	33,180	2.12
Stamp taxes [1]	77,564	1,598	2.06
Gasoline and oil [2]	842,471	18,584	2.21
Electrical energy	52,829	763	1.44
Automobiles and parts [3]	1,051,081	21,014	2.00
Other manufacturers' excises [4]	430,064	8,177	1.90
Retailers' excises [5]	473,628	6,899	1.46
Telephone, telegraph, radio, leased wire	394,643	4,449	1.13
Local telephone	309,406	4,138	1.34
Sugar	76,276	110	.14
Transportation of persons	274,073	4,259	1.55
Transportation of property	387,812	4,093	1.06
Admission and amusement [6]	439,838	11,624	2.64
Vegetable oils	15,203	266	1.75
Miscellaneous [7]	7,538	114	1.51

Source: U.S. Department of Health, Education, and Welfare.

[1] Transfer of bonds, capital stock, deeds, foreign insurance policies, silver bullion transfers.

[2] Gasoline, lubricating oil, oil pipe lines, diesel fuel.

[3] Tires, tubes, auto and truck chassis and bodies, motorcycles, parts for autos and motorcycles.

[4] Electric, gas, and oil appliances, electric light bulbs, radio sets, phonograph records, musical instruments, refrigerators, matches, business machines, photographic apparatus, sporting goods, firearms, shells, stamp tax on playing cards.

[5] Furs, jewelry, luggage, toilet goods.

[6] Admission and amusement taxes, lease of safe deposit boxes, club dues and initiation fees, bowling alleys, pool tables, coin operated amusement and gaming devices.

[7] Narcotics and marihuana, firearms, transfer and occupational taxes, process or renovated butter, filled cheese, wagering, miscellaneous receipts.

[1] Selma Mushkin and Beatrice Crowther, *Federal Taxes and the Measurement of State Capacity.* Washington, Public Health Service, May 1954.

1952, Florida residents paid an estimated 1.94 per cent of the federal excises collected in the United States.

Using the percentage of federal excises resting on Florida citizens as 1.94 per cent, Table 5 further estimates the incidence of

TABLE 5.—ESTIMATED BURDEN OF FEDERAL EXCISES IN FLORIDA AFTER TAX SHIFTING TO CONSUMERS: 1950–1956

Fiscal Year	U.S. Total	Florida
1950	$7,598,405	$ 147,409
1951	8,703,599	168,850
1952	8,971,158	174,040
1953	9,946,116	192,955
1954	9,532,222	184,925
1955	9,210,582	178,685
1956	10,041,195	194,081

Source: Estimates from Table 4 applied to data in Selma Mushkin and Beatrice Crowther, *Federal Taxes and the Measurement of State Capacity*, Washington, Public Health Service, 1954.

TABLE 6.—FEDERAL AND STATE TAXES ON CONSUMPTION IN FLORIDA: 1951–1956

Type of Tax	1951	1952	1953	1954	1955	1956
	Amount (millions)					
Total	$338	$362	$401	$404	$416	$464
Federal excises	169	174	193	186	178	194
Florida (total)	169	188	208	218	238	270
General sales tax	48	54	62	66	74	86
Selective sales taxes	121	134	146	152	164	184
	Per Cent of Total					
Total	100%	100%	100%	100%	100%	100%
Federal excises	50	48	48	46	43	42
Florida (total)	50	52	52	54	57	58
General sales tax	14	15	16	16	18	18
Selective sales taxes	36	37	36	38	39	40
	Per Cent of Personal Income					
Total	9.3%	8.9%	8.8%	8.0%	7.8%	7.8%
Federal excises	4.7	4.3	4.2	3.7	3.3	3.3
Florida (total)	4.6	4.6	4.6	4.3	4.5	4.5
General sales tax	1.3	1.3	1.4	1.3	1.4	1.4
Selective sales taxes	3.3	3.3	3.2	3.0	3.1	3.1

Source: Federal excise data, Table 5. Other tax data, Comptroller's Reports, 1951-1956. Personal income data, U.S. Department of Commerce.

Federal excises for each fiscal year from 1950 to 1956. Amounts varied from $147 millions in 1950 to $194 millions in 1956. In Table 6, the collections of Florida sales taxes (general and selective) are shown in relation to the estimated incidence of Federal excises after tax shifting. Total consumption taxes paid by Florida citizens thus varied from $338 millions in the fiscal year 1951 to $464 millions in fiscal year 1956.

A comparison of total consumption taxes (including Federal excises) with personal income of Florida residents reveals that they have been a declining percentage during the six complete years in which Florida has employed a broad-based sales tax, because Florida's personal income has grown even more than have total consumption taxes. Whereas total consumption taxes represented 9.3 per cent of personal income in fiscal 1951, they equaled only 7.8 per cent of personal income in 1955 and in 1956. Among the three main components of consumption taxation borne by Florida citizens in 1956, the general sales tax was 18 per cent of the total, selective state excises were 40 per cent; or, 58 per cent was accounted for by Florida taxes. Since the federal proportion was as high as 42 per cent of the total — and has been even higher — Florida sales taxes require examination in relation to similar federal taxes.

Table 7 shows the excise tax rates levied by the Federal government on selected commodities or transactions. Most of the items federally taxed are subject to a Florida consumption tax; this is either a selective excise, such as the gasoline or alcoholic beverage taxes, or the items are included in the base of the sales tax. One notable exemption of federally taxed articles is allowed by Florida. Trucks and automobiles are taxed federally but excluded from both the sales tax and the selective excise taxes of Florida. Transportation of persons and of property are also excluded from Florida consumption taxes. However, certain activities in connection with the sale of these items may be subjected to Florida state or local licenses, a subject not considered in this study.

Total state and federal consumption taxes.—What is the load of all types of sales taxes imposed by federal and state governments? In Table 8 all state general and selective sales taxes and estimated Federal excises are combined to show the total tax on consumption in fiscal year 1956. The 48-state average was $107.22 per capita, or 5.9 per cent of personal income. This consisted of the federal excise share of $60.36 per capita and all state sales and gross receipts taxes of $47.64 per capita. The per capita total was highest for the states of the Far West

TABLE 7.—EXTENT OF MULTIPLE TAXATION OF SELECTED COMMODITIES OR TRANSACTIONS BY FEDERAL AND FLORIDA STATE GOVERNMENTS: 1956

Class	Federal Tax Rates	Subject to Florida Tax	
		Selective excises	Sales tax
Alcoholic beverages:			
Distilled spirits	$10.50 per gal.	Yes	—
Wines	.17 to 10.50 per gal.	Yes	—
Beer	9.00 per bbl.	Yes	—
Tobacco products:			
Cigars	2.50 to 20.00 per M	—	Yes
Cigarettes	4.00 per M	Yes	—
Stamp taxes:			
Deeds and conveyances	.55 per $500	Yes	—
Issuance of bonds and capital stock	.11 per $100	Yes	—
Playing cards	.13 per pkg.	—	Yes
Gasoline	.02 per gal.	Yes	—
Lubricating oil	.06 per gal.	—	—
Transportation of oil by pipe line	4½%	—	—
Automobiles and motor cycles	10%	—	—
Trucks	8%	—	—
Automobile accessories	8%	—	Yes
Tires and tubes	$ .09 per lb.	—	Yes
Electric, gas, and oil appliances	5%	—	Yes
Radios and accessories	10%	—	Yes
Musical instruments and phonographs	10%	—	Yes
Refrigerators	5%	—	Yes
Matches	$ .02 per M	—	Yes
Business and store machines	10%	—	Yes
Cameras, photographic apparatus, film	10%	—	Yes
Sporting goods	10%	—	Yes
Firearms, shells, cartridges	11%	—	Yes
Jewelry	10%	—	Yes
Furs	10%	—	Yes
Toiletries	10%	—	Yes
Luggage	10%	—	Yes
Admissions	10%	—	Yes
Lease of safe deposit boxes	10%	—	—
Club dues and initiation fees	20%	—	—
Bowling alleys and pool tables	$ 20.00[1]	—	—
Coin operated amusement and gaming	10.00[1]	—	—
Telephone, telegraph, leased wire service	10%	—	—
Transportation of persons	10%	—	—
Transportation of property	3%	—	—

Source: Federal tax rates, Tax Foundation.

[1] Per unit annually.

TABLE 8—MEASURES OF ALL FEDERAL AND STATE SALES AND GROSS RECEIPTS TAXES COLLECTED IN 48 STATES, BY REGION: 1955–1956

Region and State	Total Federal and State		Federal Excises (estimated)[1]		State Sales and Gross Receipts Taxes		
	Per capita	Per cent of personal income	Per capita	Per cent of personal income	Per capita	Per cent of personal income	Per cent of all state taxes
48-state total	$107.22	5.9%	$60.36	3.3%	$47.64	2.6%	58.4%
NEW ENGLAND	111.85	5.5	70.80	3.5	41.05	2.0	52.1
Connecticut	139.56	7.7	73.93	3.0	65.63	2.7	71.5
Maine	122.75	7.7	67.68	4.2	55.07	3.5	75.0
Massachusetts	98.72	4.9	71.06	3.6	27.65	1.4	35.8
New Hampshire	103.52	6.0	73.91	4.3	29.61	1.7	53.6
Rhode Island	114.93	6.1	64.17	3.4	50.76	2.7	70.9
Vermont	100.98	6.7	66.41	4.4	34.57	2.3	40.8
MIDDLE EAST	99.91	4.8	70.02	3.4	29.90	1.4	40.9
Delaware	113.43	4.5	77.84	3.1	35.59	1.4	28.1
Maryland	98.90	4.8	51.54	2.5	47.36	2.3	50.8
New Jersey	87.82	3.9	60.40	2.7	27.43	1.2	57.9
New York	106.39	4.7	81.39	3.6	25.00	1.1	29.7
Pennsylvania	92.03	5.0	63.80	3.4	28.23	1.5	44.9
West Virginia	123.15	9.6	62.19	4.9	60.96	4.8	84.7
SOUTHEAST	90.94	7.6	43.13	3.6	51.64	4.0	66.1
Alabama	94.93	7.8	44.36	3.7	50.57	4.2	72.3
Arkansas	92.24	8.6	46.59	4.4	45.65	4.3	69.7
Florida	**126.27**	**7.9**	**52.89**	**3.3**	**73.38**	**4.6**	**76.7**
Georgia	112.55	8.3	48.25	3.6	64.30	4.8	78.8
Kentucky	76.23	6.1	45.11	3.6	31.12	2.5	54.6
Louisiana	113.21	8.5	45.63	3.4	67.59	5.1	58.7
Mississippi	75.73	7.9	27.59	2.9	48.14	5.0	71.9
North Carolina	85.10	6.8	38.43	3.1	46.67	3.7	56.7
South Carolina	103.02	9.2	46.62	4.2	56.40	5.0	72.0
Tennessee	101.71	8.1	47.61	3.8	54.11	4.3	74.0
Virginia	89.45	5.8	62.28	4.1	27.16	1.8	42.9
SOUTHWEST	96.81	6.0	53.79	3.3	43.01	2.7	52.5
Arizona	104.13	6.4	42.01	2.6	62.12	3.8	61.1
New Mexico	120.15	8.4	42.94	3.0	77.21	5.4	66.2
Oklahoma	103.42	6.7	42.15	2.8	61.28	4.0	58.0
Texas	92.13	5.6	59.10	3.6	33.02	2.0	46.9
CENTRAL	111.99	5.6	59.97	3.0	52.02	2.6	66.4
Illinois	126.51	5.6	70.69	3.2	55.83	2.5	81.5
Indiana	97.44	5.1	48.47	2.6	48.98	2.6	76.4
Iowa	119.33	7.6	63.04	4.0	56.29	3.6	65.8
Michigan	123.98	5.7	52.45	2.4	71.53	3.3	68.2
Minnesota	97.13	5.7	64.54	3.8	32.59	1.9	36.4
Missouri	101.97	5.6	62.51	3.4	39.46	2.2	63.3
Ohio	116.88	5.7	62.04	3.0	54.83	2.7	77.3
Wisconsin	75.53	4.2	47.03	2.6	28.50	1.6	32.0

TABLE 8 (Continued).—MEASURES OF ALL FEDERAL AND STATE SALES AND GROSS RECEIPTS TAXES COLLECTED IN 48 STATES, BY REGION: 1955-1956

Region and State	Total Federal and State		Federal Excises (estimated) [1]		State Sales and Gross Receipts Taxes		
	Per capita	Per cent of personal income	Per capita	Per cent of personal income	Per capita	Per cent of personal income	Per cent of all state taxes
NORTHWEST	$106.03	6.6%	$59.75	3.7%	$46.28	2.9%	59.0%
Colorado	116.67	6.6	64.18	3.6	52.50	3.0	56.4
Idaho	98.68	6.7	65.95	4.5	32.73	2.2	42.7
Kansas	93.44	5.7	43.87	2.7	49.57	3.0	63.9
Montana	113.07	6.2	74.56	4.1	38.52	2.1	49.7
Nebraska	93.10	6.0	63.98	4.1	29.11	1.9	54.0
North Dakota	111.61	8.1	61.00	4.4	50.61	3.7	62.2
South Dakota	126.33	10.1	69.71	5.6	56.62	4.5	79.3
Utah	112.31	7.1	59.14	3.7	53.17	3.4	60.5
Wyoming	122.68	6.9	59.07	3.3	63.61	3.6	56.9
FAR WEST	142.96	6.5	67.95	3.1	75.01	3.4	63.7
California	141.09	6.2	66.80	3.0	74.29	3.3	63.2
Nevada	165.72	6.5	66.94	2.6	98.78	3.9	76.1
Oregon	101.16	5.5	77.01	4.2	24.16	1.3	24.9
Washington	177.63	8.8	67.98	3.4	109.65	5.4	83.4

Source: Bureau of the Census for all tax data. Federal excises allocated according to method of Table 4.

[1] Includes the District of Columbia.

($142.96) and lowest for the Southeast ($90.94). Since the southeastern states include many of the lower personal income states, that amount represented 7.6 per cent of personal income, a higher percentage than that of any other region.

Federal excises are not primarily responsible for the high consumption taxes in the Southeast, since they equalled only 3.6 per cent of personal income — very little higher than the national average. But state sales and gross receipts taxes in the Southeast represented 4 per cent of personal income; this proportion was more than half again as much as the national average, and higher than in any other region.

Florida's total consumption taxes of $126.27 per capita were $19.05 higher than the national average. Her share of Federal excises, $52.89 per capita was slightly below the national average, but state sales taxes of all types, amounting to $73.38 per capita, were 54 per cent above the national average of $47.64. Florida's total consumption taxes amounted to 7.9 per cent of her personal

income, well above the national average. Many of these consumption taxes, after being shifted to consumers, are in reality paid from the personal income of tourists and not that of Florida residents. This reservation tempers the seriousness of the conclusion that Florida's consumption taxes were a higher percentage of personal income than in 37 other states. In only 10 states, six of which are in the Southeast, did the percentage of consumption taxes on personal income exceed that of Florida. In a later section of this report, the mitigating factor of tourism on the tax load is analyzed.

General sales tax in relation to tax effort.—Tax effort is a term often used to indicate the extent to which states or local governments are trying to support a desirable level of public services. The general sales tax is one major form of tax effort, while the personal income tax is another major form of tax effort. Some states use one, some the other, and some use both of these major forms of revenue. Generally speaking, states utilizing both sales and income taxes would not appear to need to rely so heavily on either one as would those states employing only one of these taxes. However, the fact is that states which tax both sales and personal incomes place relatively heavier emphasis on sales taxes than do those states which tax only sales.

Table 9 compares the states which employ the sales tax alone with those which levy both sales and income taxes. In fiscal year 1955, the sales tax produced $1,328 million in the 14 states taxing sales but not taxing incomes. This represented $23.53 per capita and was 21.1 per cent of total state revenue. In relation to the personal incomes of residents, sales tax collections were 1.3 per cent. The tax percentage of personal income varied from .9 per cent to 3.1 per cent among indivdual states.

Among the 18 states which tax both sales and incomes, sales taxes produced $1,308 million in fiscal year 1955. This amount represented only 19.5 per cent of total state revenue, but it was $25.88 per capita (higher than in the other group of states). ~~Fur~~ther, the sales tax was 1.6 per cent of the personal income of residents, ranging between .7 per cent and 2.6 per cent for individual states.

Thus, sales taxes were higher per capita and a greater percentage of personal income in those states taxing both sales and incomes than in those taxing sales but not incomes. If the former group had higher personal income per capita than the latter, this would not appear strange. However, in the group of 18 states taxing both sales and incomes the average personal income per

TABLE 9—GENERAL SALES TAX IN RELATION TO TAX EFFORT IN 33 SALES TAXING STATES: 1954–55

Measure of Effort	States Taxing Sales but Not Personal Income		States Taxing Both Sales and Personal Income
	Florida	14-state average	18-state average
Tax collections (thousands)	$74,027	$ 1,328,231	$1,308,321
Per capita tax	20.99	23.53	25.88
Per cent of total revenue	17.4%	21.1%	19.5%
Per cent of personal income	1.4	1.3	1.6
Per capita personal income	$ 1,506	$ 1,858	$ 1,577

Source: U.S. Bureau of the Census, *Finances of State Governments: 1955.*

capita was only $1,577 in comparison with $1,858 in the 14 states taxing sales but not incomes. These facts indicate that the sales tax to some extent is a means of making a greater tax effort to support public services when used alone than in conjunction with the income tax.

Florida was, however, somewhat below the average of other states. The sales tax was a smaller per capita amount and a smaller proportion of total revenue in this than in similar states. Yet the below-average personal income of Florida meant that the sales tax represented more of a tax effort in terms of personal income than the average tax effort of either of the two compared groups, even though it was a smaller per capita amount.

Revenue significance of sales taxes.—Despite strenuous opposition in every state in which general sales taxes have been intro-

TABLE 10.—STATE TAX COLLECTIONS FROM GENERAL SALES AND GROSS RECEIPTS TAXES OF ALL STATES SELECTED YEARS: 1939–1956
(Amounts in millions of dollars)

Fiscal Year	Total State Tax Collections	General Sales and Gross Receipts Taxes		
		Amount	Per cent of total	Number of states
1939	$3,085	$ 446	14.5%	23
1946	4,937	899	18.2	23
1948	6,743	1,478	21.9	27
1950	7,930	1,670	21.1	28
1952	9,857	2,229	22.6	31
1954	11,089	2,540	22.9	32
1956	13,335	3,026	22.7	33

Source: U.S. Bureau of the Census.

duced, this type of state revenue source has increased in extent of use and in revenue collected. In fact, one of the strongest arguments favoring use of the sales tax has been the demonstrated productivity of the tax. In Table 10 the development of state general sales tax revenue is traced. In 1939, 23 states employed some form of general sales tax. They collected a total of over $3 billion in taxes, of which $446 million or 14.5 per cent was from the sales tax. Both total tax collections and the number of sales tax states increased until, in 1956, over $3 billion was collected by 33 states in sales taxes; this represented 22.7 per cent of all state tax collections.

Florida Sales Tax

Tax base and exemptions.—In 1949 Florida adopted a sales and use tax law (Florida Statutes, chapter 212). With slight modifications in 1951, the general sales tax has become a major tax source for the General Revenue Fund. The tax base consists of four major elements, each of which is taxed at 3 per cent:

(1) Sale, lease, or rental of tangible personal property at retail (ch. 212.05 F.S.)

(2) Use or storage of tangible personal property (ch. 212.05 F.S.)

(3) Transient lodging rentals (ch. 212.03 F.S.)

(4) Admissions to amusements (ch. 212.04 F.S.)

Although the tax base includes more than retail sales of tangible personal property, the Florida sales tax, with those of 27 other states, is predominately a *retail* sales tax. However, substantial exclusions and exemptions are found in each section of the Florida tax base.

Transient lodgings involving less than 10 rooms or less than three apartments at one location are excluded. No more than six months residence at any one address is taxable.

Admissions to places of amusement, except those under supervision of the Racing Commission, are taxed. The law had provided for exemption of any admissions costing less than 40 cents until the federal admissions tax should be reduced to no more than 10 per cent. Since that event occurred in 1954, the only admissions now excluded are those for racing.

Tangible personal property is a broad economic category that embraces a great diversity of classes. Among these, many items are exempted from application of the Florida sales tax. Ex-

empted items of tangible personal property are listed in four consecutive sections of the sales tax law (Florida Statutes, 1955, Sections 212.06, 212.07, 212.08, 212.09).

The more important items exempted from taxation are as follows:

- Groceries
- Clothing priced at $10 or less (including fabrics by the yard)
- Motor vehicles
- Alcoholic beverages
- Gasoline
- Cigarettes
- Medicine
- Farm products sold directly by the producer
- Machinery and equipment priced at more than $10,000 on any one invoice
- Utility services
- Fertilizers for crops or groves
- Feeds
- Insecticides and fungicides for crops or groves
- Funerals costing no more than $500
- Agricultural machinery
- Newspapers
- Radio and television services

Florida sales tax base compared with other states.—In Table 11, the taxable or exempt status of a selected number of commodities or transactions is tabulated for Florida and the other sales tax states. Food sold for consumption *on the premises* is taxable in Florida, in all other southeastern sales taxing states, and is exempt in only one non-southeastern state (Maryland). Florida and North Carolina exempt food sold for consumption *off the premises*, but seven southeastern states and 17 non-southeastern states tax such sales. This state, therefore, is not unique in exempting the bulk of food sales. Similar exemptions are granted by eight other states (California, Connecticut, Maine, Maryland, North Carolina, Ohio, Pennsylvania, and Rhode Island).

Among commodities commonly sold to industrial users, Florida taxes office equipment and supplies, and also machinery (up to $10,000 on any one invoice). Alabama and South Carolina tax only office supplies and equipment. The remaining southeastern states tax both those articles and fuel in addition. Component parts or raw materials and non-returnable containers are seldom

TABLE II.–TAXABLE OR EXEMPT STATUS OF SELECTED COMMODITIES AND SERVICES
IN SALES TAXING STATES: 1956
Key: T – Taxable; E – Exempt

Commodity or Service	Fla.	Ala.	Ark.	Ga.	La.	Miss.	N.Car.	S.Car.	Tenn.	33 Sales Taxing States	
										T	E
FOOD:											
Consumed off premises	E	T	T	T	T	T	E	T	T	24	9
Consumed on premises	T	T	T	T	T	T	T	T	T	32	1
School lunches	E	E	E	E	E	E	E	E	E	1	32
Free meals to employees	E	E	E	—	E	—	—	—	E	4	20[1]
COMMODITIES SOLD TO INDUSTRIAL USERS:											
Component part or raw material	E	E	E	E	E	T	T	E	E	3	30
Non-returnable containers, labels, etc.	E	E	E	E	E	T	T	E	E	4	29
Machinery, tools, equipment	T	E	T	T	T	T	T	E	T	25	8
Fuel	E	E	T	T	T	T	T	E	T	19	14
Office equipment, supplies	T	T	T	T	T	T	T	T	T	33	0
OTHER COMMODITIES:											
Clothing	E	T	T	T	T	T	T	T	T	31	2
Medicine	E	T	T	T	T	T	E	T	T	24	9
Farm products	E	E	E	E	T	E	E	E	E	13	18[2]
Occasional sales	E	E	E	E	E	E	E	E	E	4	29
Feed, seed, fertilizer	E	E	E	E	E	E	E	E	E	2	31
Alcoholic beverages	E	E	T	T	T	T	E	T	T	21	12
Motor fuels	E	E	E	T	E	T	E	E	E	5	28
Cigarettes	E	T	E	T	T	T	T	T	E	17	16
Automobiles	E	T	T	T	T	T	T	T	T	32	1
Agricultural machinery	E	T	T	T	T	T	T	E	T	28	5
Real estate conveyances	E	E	E	E	E	E	E	E	E	2	31
UTILITY SERVICES:											
Gas and electricity (domestic)	E	E	T	T	E	T	E	E	E	19	14
Water (domestic)	E	E	T	E	E	T	E	E	E	11	22
Communications	E	E	T	E	E	T	E	E	E	15	18
TRANSPORTATION:											
Transportation	E	E	E	T	E	T	E	E	E	9	24
OTHER SERVICES:											
Admissions	T	T	T	T	T	E	E	E	E	17	16
Newspapers	E	E	E	T	E	T	E	E	E	5	28
Repairs and installation	E	E	E	E	E	E	E	E	E	4	29
Transient lodgings	T	E	T	T	T	T	T	T	T	16	17
Personal and professional services	E	E	E	E	E	T	E	E	E	7	26
NUMBER OF LISTED ITEMS TAXABLE	5	9	15	17	14	21	11	9	11	....	....

Source: Ohio Department of Taxation and Commerce Clearing House.
[1] No provision in nine states.
[2] No provision in two states.

taxable, either in the southeastern states or in other areas of the country.

Turning to other commodities, clothing is exempted by Florida when the article is priced at no more than $10. This exemption is extended to include fabrics by the yard when sold for clothing. Pennsylvania exempts practically all clothing, except formal attire, articles of fur or imitation fur, and articles of which fur or fur material is the chief component. All other sales tax states include clothing in the tax base.

Medicines, exempted in Florida, are taxable in seven southeastern states and in 17 non-southeastern states. Farm products sold by the producer are taxable only in Louisiana and in 12 non-southeastern states. Occasional sales (not made by a regular dealer) and feed, seed, and fertilizers are exempted in all southeastern states and in nearly all non-southeastern states.

Three important commodity groups on which federal excises are imposed and state excises are levied in nearly every state are alcoholic beverages, motor fuels, and cigarettes. Only five states include motor fuel sales in the sales tax base. Two of these, Georgia and Mississippi, are in the Southeast. All 48 states as well as the federal government levy selective sales taxes (excises) on motor fuels, but in nearly all cases the proceeds are earmarked for highway expenditure only. Alcoholic beverages are subject to state excises in all states and to federal excise taxes, while six southeastern states (not including Florida) and 15 other states include these sales in the sales tax base. Cigarettes are subject to state excises in 42 states (all southeastern sales tax states except North Carolina) and to federal excises. In addition, six southeastern states (not including Florida) and 11 other states include cigarette sales in the sales tax base. Included by Florida in the sales tax are cigars, which are not subject to the excise tax on tobacco products (cigarette tax).

Automobile sales, exempted from Florida sales tax, are taxed in every other sales tax state and in two states that do not levy any broad-based sales tax—Kentucky and Texas. Alabama and North Carolina, both taxing retail sales at 3 per cent, apply a 1 per cent rate to automobiles, and North Carolina limits the amount of the tax to $80 on any one vehicle. Mississippi taxes retail sales at 3 per cent, while automobiles pay only 2 per cent. New Mexico taxes retail sales at 2 per cent, but imposes only 1 per cent on automobiles. Although lacking a general sales tax, Kentucky levies a motor vehicle usage tax at 3 per cent which yielded $7,600,000 in 1956. Texas imposes a 1 per cent motor

vehicles sales or use tax which in the same year brought $21,000,000 in revenue.

Agricultural machinery is exempt in Florida. South Carolina is the only other southeastern state not taxing such sales. Altogether, 28 of the 33 sales tax states include agricultural machinery in the tax base.

Real estate conveyances are taxed only in Indiana (gross income tax) and West Virginia (gross income tax). In both states, the rate is 1 per cent, a rate as high as that on any other class of transaction in Indiana, while West Virginia employs higher rates on some other transactions.

Utility services are sometimes included in the retail sales tax base, although not in Florida. Mississippi taxes, with her gross receipts tax, gas and electric, water, communications, and transportation services. Arkansas taxes all these except transportation service, and Georgia exempts both water and communications services. Five other southeastern states, along with Florida, exempt all types of utility services. Among non-southeastern states, gas and electric service and communications are more commonly taxable than exempt. Water and transportation services are more frequently exempted than they are taxed.

Among other types of service transactions, admissions to amusements and transient lodgings are taxed in about half the states. Florida is one of five southeastern states taxing admissions. Transient lodgings are taxed in all southeastern states except Alabama.

Newspapers are taxed in only five states, among which are the southeastern states of Georgia and Mississippi. Repair and installation services are taxed by only four states, none of them being southeastern states.

Personal and professional services are likely to be found in the tax base of a state using the gross income or gross receipts type of sales tax. The six states taxing these transactions are those having one of these two types. This group also includes Arizona, whose tax is classified as a retail sales tax with additions. Mississippi's gross receipts tax is the only southeastern sales tax applying to personal and professional services generally.

A comparion of the number of the 29 listed items of Table 11 that are taxable in the different states provides a very rough measure of the narrowness of the tax base. By that measure, Florida's sales tax base is the most limited one of the southeast-

ern states, while Mississippi's gross receipts tax is the broadest in the region. All southeastern states as a group average about the same number of taxable items in the table as does the non-southeastern group as a whole. This indicates that Florida's

TABLE 12.—MEASURES OF GENERAL SALES TAX IN 33 STATES TAXING GENERAL SALES: 1955–1956

States Classified by Rate on Retail Sales	Amount (thousands)	Per Capita	Per Cent of Personal Income		Per cent of Total Taxes	Per cent 1955 Sales Tax of 1955 Revenue
			Actual ratio	Ratio per 1% of rate		
3⅓% Rate						
Washington	$187,281	$72.87	3.62%	1.09	55.45%	31.0%
3% Rate						
Alabama	68,128	22.46	1.85	.62	32.12	20.5
California	564,876	43.35	1.92	.64	36.85	22.3
Connecticut	70,313	31.38	1.28	.43	34.19	23.0
Florida	**86,095**	**23.38**	**1.45**	**.48**	**24.44**	**17.4**
Georgia	119,230	32.93	2.44	.81	40.34	28.5
Michigan	326,476	45.12	2.09	.70	43.05	30.8
Mississippi	45,101	21.36	2.23	.74	31.93	19.0
North Carolina	71,465	16.68	1.33	.44	20.27	12.8
Ohio	229,981	25.65	1.25	.42	36.16	20.4
Pennsylvania	34,651	3.11	.17	.06	4.94	5.8
South Carolina	52,880	23.16	2.07	.69	29.56	19.4
Tennessee	89,096	26.07	2.08	.69	35.64	17.5
2½% Rate						
Illinois	257,021	27.46	1.22	.49	40.09	25.8
Iowa	80,582	29.93	1.91	.76	34.98	21.2
2% Rate						
Arizona	31,872	32.52	2.01	1.00	31.99	19.1
Arkansas	31,835	17.79	1.66	.83	27.17	17.3
Colorado	40,472	26.13	1.48	.74	28.05	16.8
Kansas	51,593	25.05	1.52	.76	32.29	22.7
Louisiana	73,576	25.14	1.88	.94	21.82	11.4
Maine	16,009	17.69	1.11	.56	24.09	13.5
Maryland	41,691	15.62	.76	.38	16.77	12.6
Missouri	100,440	24.33	1.33	.67	39.03	25.0
Nevada	6,699	29.77	1.17	.58	22.94	(1)
New Mexico	33,545	42.19	2.96	1.48	36.19	18.8
North Dakota	13,152	20.49	1.49	.74	25.17	13.6
Oklahoma	49,159	22.67	1.48	.74	16.43	14.0
Rhode Island	14,855	17.58	.93	.46	24.54	13.4
South Dakota	18,728	27.66	2.20	1.10	38.72	17.1
Utah	21,994	28.16	1.78	.89	32.05	18.6
West Virginia	71,446	35.69	2.80	1.40	49.59	30.5
Wyoming	9,317	30.45	1.70	.85	27.21	13.2
½% Rate						
Indiana	116,101	26.81	1.42	2.84	41.81	26.7

Source: U.S. Bureau of Census.

[1] Nevada's 2 per cent tax was not in effect in 1955.

sales tax base is more restricted than that of other states, except Pennsylvania's. The tax base of that state is even more restricted, since only items specifically listed in the law are taxable. The Pennsylvania law is perhaps best described as a selective sales tax. This is similar to the common excises, except that the law applies to more than one class of commodity.

Another means of comparing the size of the tax base among different states is through the ratio of sales tax collections to personal income of residents of the state. With this method allowance must be made for different tax rates of the states. Table 12 compares the ratios of sales tax collections to personal income of state residents for the fiscal year 1955, with an appropriate correction for differences in tax rates. On that basis, the narrowest tax base is found in Pennsylvania and in Maryland. Those of Connecticut, North Carolina, Ohio, Illinois, and Rhode Island are also narrower than Florida's, although not much so. The broadest base of any is that of Indiana, whose gross income tax allows few exemptions. Other very broad tax bases are indicated for New Mexico and West Virginia, both of which have a broader type tax than the retail sales tax. The base employed in all southeastern states, except North Carolina, is shown to be broader than that of Florida by this measure.

When account is taken of the application of the Florida sales tax to tourist expenditures, which cause collections to represent a higher proportion of residents' personal income, the conclusion is justified that the Florida sales tax base is one of the more narrow ones in use, not only among southeastern states but among all states. This conclusion is not so much an argument for extension of the tax base as a finding that a re-examination of exemptions may be desirable.

Federal excise rates compared with Florida sales tax.—In addition to the 3 per cent Florida sales tax paid by the purchaser, retail prices of many commodities include federal excise rates varying with the nature of the item. Auto parts and accessories are subject to an excise tax of 8 per cent of the manufacturer's price. Additional automotive items subject to the Florida sales tax are taxed on a weight basis by the federal government as follows:

Type	Cents per Pound
Tires	8
Tubes	9
Retread rubber (camel back)	3

Although subject to a separate tax, cigarettes are exempt from the Florida sales tax, but other tobacco products are included. Federal excise rates on cigars vary between $2.50 and $20.00 per thousand according to weight and retail price. Chewing and smoking tobacco and snuff are taxed at 10 cents per pound. These tobacco excises may easily represent 10 per cent of the total retail price paid by the consumer.

The four groups of items on which federal retailer's excises are imposed at 10 per cent rates are also included in the 3 per cent Florida sales tax. These are furs, luggage, jewelry, and toilet preparations. In addition, admissions to amusements pay both the 3 per cent Florida sales tax and a 10 per cent federal excise.

Lower rates apply to the following items in that the 10 per cent federal excise is imposed on the manufacturer's price and represents only 5 per cent to 7 per cent of the retail price: radio and television sets, phonographs and records, cameras and film, musical instruments, sporting goods, firearms, light bulbs, fountain pens, mechanical pencils, business and store machines. Still lower rates apply to the following (5 per cent of manufacturer's price): electric, gas, and oil appliances, refrigerators, and refrigeration apparatus. On this latter group, the federal excises would probably average about 3 per cent of the retail price.

The selectivity of the federal excises becomes especially significant in relation to a state sales tax that has numerous exemptions. Those items that happen to be subject to both types of tax are heavily penalized in relation to those that are subject to only one (especially if that one is the lighter tax of the two), and in relation to those that are exempt from both taxes. Selection of items to be subjected to federal excises is rather haphazard, as are some sales tax exemptions. The result is likely to be considerable discrimination among purchasers of various commodities.

Occupational and Business Aspects of Sales Tax

Relative payments by occupations.—Collections from the Florida sales tax are derived mainly from business firms classified as making retail sales, rather than from personal and other types of services. In Table 13 collections for the fiscal year 1956 are shown by type of occupational classification. Approximately 86 per cent of collections were derived from retail sales groups and the remaining 14 per cent from mixed service and retail sales groups. This relationship is not surprising in view of the nature of the tax base, which includes a few types of services, but concentrates on retail sales (tangible personal property sales).

TABLE 13.—OCCUPATIONAL CLASSES FROM WHICH GENERAL SALES TAXES COLLECTED IN FLORIDA: 1955–1956

Type of Occupation	Amount (thousands)	Per cent of Total
All sales	$86,096	100.00%
RETAIL SALES	73,846	85.77
Lumber, builders, contractors	19,830	23.03
Lumber, building material	12,983	15.08
Electrical and plumbing	4,054	4.71
Building contractors	762	.89
Decorating, paperhanging, painting	727	.84
Heating, air conditioning	691	.80
Roofing and sheet metal	613	.71
General merchandise	13,714	15.93
Hardware, paints, machinery	4,157	4.83
Department stores	3,151	3.66
General merchandise stores	2,406	2.79
Variety stores	1,714	1.99
Jewelry, leather, sport goods	1,318	1.53
Feed and seed stores	303	.35
Farm implement dealers	282	.33
Dry goods stores	248	.29
Second-hand stores	135	.16
Food and beverage	11,617	13.49
Restaurants, lunchrooms	7,223	8.39
Grocery stores	3,074	3.57
Candy, confectionery	747	.87
Taverns, night clubs	326	.38
Vegetable, fruit markets	105	.12
Bakeries	72	.08
Delicatessens	28	.03
Meat markets	24	.03
Seafood dealers	18	.02
Furniture and appliances	9,802	11.39
Furniture stores	4,261	4.95
Household appliances	2,323	2.70
Store and office equipment	1,790	2.08
Music stores, radio, television	1,428	1.66
Miscellaneous retail sales	8,339	9.03
Automotive	5,823	6.76
Auto accessories, tires	2,236	2.60
Motor vehicle dealers	1,256	1.46
Filling, service stations	950	1.10
Garages and repair shops	731	.85
Motor and yacht dealers	597	.69
Aircraft dealers	53	.06
Apparel	3,116	3.62
Clothing stores	2,671	3.10
Shoe stores	410	.48
Hat shops	35	.04
Drug Stores	1,605	1.86
MIXED SERVICE AND RETAIL SALES	12,250	14.23
Business services	11,027	12.81
Hotels, rooming houses, apartments, tourist courts	8,717	10.13
Admissions	1,723	2.00
Rentals tangible property	353	.41
Social clubs, associations	120	.14
Auctioneers, commission dealers	94	.11
Storage and warehousing	20	.02

TABLE 13 (Continued.)—OCCUPATIONAL CLASSES FROM WHICH GENERAL SALES TAXES COLLECTED IN FLORIDA: 1955–1956

Type of Occupation	Amount (thousands)	Per cent of Total
Personal services	1,223	1.42
Laundry, linen, cleaning services	587	.69
Photographers, photo supplies	391	.45
Funeral directors, monuments	147	.17
Barber and beauty shops	86	.10
Shoe repair shops	12	.01

Source: Reports of the State Comptroller, 1956.

The classification of tax collections embodied in this table is that of the Comptroller, who classifies all tax receipts from each firm in accordance with the nature of the major part of the taxable sales. That is, even though a grocery store might sell some candy, all of the store's tax payments would be classified as coming from grocery stores. Consequently, the type of business from which the sales tax collections originate is revealed only approximately by the data. Administrative considerations would not permit precise allocations of each firm's tax payments according to sales in detailed kinds of transactions. With this reservation in mind, the impact of the sales tax on various types of businesses may be examined.

Lumber dealers, builders, and contractors represent the largest occupational group in sales tax collections—23.03 per cent of the total in 1956. Of this portion, the dealers in lumber and building material paid the largest share (15.08 per cent of the total collections), while electrical and plumbing firms accounted for 4.71 per cent. The general merchandise group was second among the occupational groups with nearly 16 per cent. Within this group, the principal sales taxpaying firms were hardware, paint, and machinery firms (4.83 per cent) and department stores (3.66 per cent). The food and beverage group was third largest in the retail sales group, accounting for 13.49 per cent of the total. Among these firms, restaurants and lunchrooms (8.39 per cent) and grocery stores (3.57 per cent) paid nearly 12 per cent. The remaining 1.5 per cent was divided among a variety of food and beverage firms.

Furniture and appliances group ranked fourth, contributing 11.39 per cent. Nearly half of this was from furniture stores (4.95 per cent), but household appliance dealers added 2.70 per cent. Store and office equipment firms accounted for 2.08 per cent.

The fifth major occupational group was the automotive group, accounting for 6.76 per cent of total collections. Dealers in auto accessories, tires, and parts paid 2.6 per cent, or more than one-third of this group. Motor vehicle dealers (1.46 per cent) and filling stations (1.1 per cent) accounted for most of the remaining part of this group.

The apparel group (3.62 per cent) and drug stores (1.86 per cent) made up the remaining part of the list of major occupational groups from which the sales tax was collected, although the miscellaneous group (9.69 per cent) is a substantial part in itself.

In the second major class of sales taxpayers, the mixed service and retail sales group (14.23 per cent), were two principal types of taxpaying firms. These were lodgings (hotels, rooming houses, apartments, and tourist courts) and admissions (amusements and recreation). These accounted for 10.13 per cent and 2 per cent, respectively, of the 1956 collections. Many of the other types of firms listed in this class of service trades pay a tax on certain of their *purchases* rather than on their *sales* because the physical ingredient rule causes them to qualify as consumers of tangible personal property. For example, barbers and beauty shops pay a tax on their purchases of instruments, materials, and supplies, but not on their receipts from services. (See Rule 10, Rules and Regulations, 1955.)

During the past four years, the distribution of sales tax collections among the occupational groups has been rather stable, retail trade remaining about 85 per cent of the total. Lumber dealers, builders and contractors, along with furniture and appliance dealers, have increased their percentage of the total by a small margin. In the mixed service and retail trade group, the admissions' share has increased slightly as a percentage of the total amount. Thus, the pattern of occupational distribution of the tax has remained nearly fixed. The major portion of the collections is derived from retail sales transactions, with about one-eighth coming from transient lodgings and admissions.

Proportions of taxable transactions.—To reveal what proportions of all retail sales and service trade transactions are subject to the Florida sales tax, Table 14 represents a comparison between taxable sales reported by the Comptroller for the fiscal year 1954-55 and retail trade and service trade receipts reported by the U. S. Bureau of the Census for the calendar year 1954. Despite the six-months discrepancy between their time periods, the two sets of figures are sufficiently close together in time as to indicate the breadth of coverage of the potential tax base.

Taxable retail sales reported for the fiscal year 1955 amounted to $1,955,648,000, or 49 per cent of the amount of retail sales reported by the Census of Business for the calendar year 1954. This indicates that somewhere around one-half of the potential tax base of retail sales of tangible personal property is actually subjected to the Florida sales tax. In selected lines of retail trade, the proportion taxed varies considerably. About 60 per cent of the sales volume of eating and drinking establishments was taxable, but only a little more than 10 per cent of sales by grocery and food establishments and by gasoline service stations was included in the tax base. Approximately one-third of the sales volume of apparel establishments and of drug stores was subject to taxation. About one-sixth of the sales of automotive dealers was taxable.

TABLE 14.—COMPARISON OF STATE TAXABLE SALES WITH TOTAL RETAIL AND SERVICE TRADE SALES IN 1954, AS REPORTED BY U.S. CENSUS BUREAU: 1954–1955

Type of Sale	(1) Amount (thousands)	(2)	(3) Taxable Sales as a Per Cent of Total Sales	(4) Per Capita	(5) Amount
	Census reported sales	Taxable sales		Census reported sales	Taxable sales
RETAIL TRADE (total)	$3,994,796	$1,955,648	49.0%	$1,133	$554
Selected Classes only:					
Groceries and food	906,646	107,686	11.9	257	31
Eating and drinking places	353,683	211,546	59.8	160	60
Apparel	306,220	92,433	30.2	87	26
Drug stores	139,335	41,769	30.0	40	12
Automotive	773,355	119,363	15.4	219	34
Gasoline service stations	268,713	27,971	10.4	76	8
SERVICE TRADE (total)	652,661	356,437	54.6	185	101
Personal services	132,853	32,531	24.5	38	9
Auto repair services	63,770	20,174	31.6	18	6
Other selected services	456,038	303,732	66.6	129	86

Source: U.S. Bureau of the Census and Florida Comptroller's Report, 1955.

Among service trade establishments, a little over one-half of the reported volume of receipts was included in taxable sales. Here the variations in extent of tax coverage ranged from one-fourth of personal service receipts and one-third of receipts of auto repair service establishments to two-thirds of the receipts of other types of service trade establishments.

In summary, total taxable sales of $665 per capita ($554 in retail trade and $101 in service trades) were almost exactly one-half of the $1,318 per capita of total sales transactions that are potentially taxable under a single stage sales tax similar to that now used by Florida. This suggests that a re-examination of the selectivity and exclusions of the Florida sales tax base may be desirable, regardless of whether or not any change in relative yield is desired.

Tourist and resident shares of sales tax.—Because of the nature of the Florida sales tax base, collections are importantly affected by the tourist trade. Among expenditures commonly made by tourists, the following major classes are subject to the sales tax: meals at restaurants, lodgings, amusement admissions, and souvenirs. Other important items not covered by the sales tax are subject to selective state sales taxes (excises) as follows: gasoline, cigarettes, liquor, and racing admissions and bets. Virtually all tourist expenditures are taxed in some manner, except pur-

TABLE 15—COMPARATIVE SALES TAX COLLECTIONS FOR FLORIDA COUNTIES GROUPED BY DEGREE OF TOURISM: 1954–55[1]

County Group	Sales Tax Collections			
	Amount (thousands)	Per cent of total	Per capita	Per cent of personal income
State total	$74,036[2]	100.0%	$20.99	1.4%
Primary tourist counties (11)	41,661	56.3	28.03	1.7
Dade	21,255	28.7	33.09	1.6
Broward	5,002	6.8	33.14	2.3
Palm Beach	3,615	4.9	23.85	1.4
Other primary tourist	11,789	15.9	21.77	1.6
Secondary tourist counties (8)	21,615	29.2	19.34	1.2
Duval	7,668	10.4	20.21	1.1
Hillsborough	5,640	7.6	18.00	1.3
Other secondary tourist	8,307	11.2	19.55	1.3
Non-tourist counties (48)	8,275	11.2	10.04	.9

Source: Personal income and population data, Bureau of Economic and Business Research University of Florida; tax collections, Comptroller's Report, 1955.

[1] Classification of tourist counties is based on a study of the 1954 tourist trade by Dr. Reinhold Wolff, University of Miami. Counties were classified as follows:

Primary tourist counties: Bay, Brevard, Broward, Dade, Lee, Manatee, Palm Beach, Pinellas, St. Johns, Sarasota, Volusia.

Secondary tourist counties: Duval, Hillsborough, Lake, Marion, Monroe, Okaloosa, Orange, Polk

Non-tourist counties: All other counties.

[2] Total includes unallocated amounts for out-of-state, $2,485,400, and for suspense items $9,427 (mainly uncollected checks).

chases of inexpensive clothing and food for consumption off the premises. This analysis of taxes paid by tourists, however, is confined to the general sales tax, excluding the gasoline and other selective taxes.

Using data on the 1954 tourist trade compiled by Dr. Reinhold Wolff of the University of Miami, Table 15 classifies the counties into primary tourist, secondary tourist, and non-tourist groups in accordance with the relative number of tourist visitors. Of the total sales tax collections in fiscal year 1955, amounting to $74,036,000, 56.3 per cent was collected in the 11 primary tourist counties, 29.2 per cent in the 8 secondary tourist counties, while the remaining 11.2 per cent came from the 48 counties classified as non-tourist in character.

Striking variations in sales tax collections per capita occurred in the three groups of counties. Whereas the Florida average was $20.99 per capita, the primary tourist counties averaged $28.03 per capita, secondary tourist counties averaged $19.34 per capita, and non-tourist counties averaged only $10.04 per capita. Selected counties in the tourist groups reveal even higher collections per capita than these amounts.

Considerable variation in the proportion of personal income represented by tax collections is also apparent. In non-tourist counties, .9 per cent of personal income went into sales taxes, but in primary tourist counties the corresponding percentage was 1.7 per cent and in secondary tourist counties it was 1.2 per cent.

From any aspect, the conclusion is apparent that the Florida sales tax bears heavily on tourism, whether one considers the nature of the tax base, the collections per capita among various counties, or the proportion the sales tax represents of personal income of Florida residents.

An estimate of one-third as the approximate proportion of liquor taxes paid by tourists in Florida has been made by Mr. Don E. Dickey for the Florida Citizens Tax Council.[1] Applying a similar method of estimation to sales tax collections gives surprisingly similar results.

In Table 16 are presented the estimated data of the tourist and the resident shares of Florida sales tax collections for 1954-55. The estimates are based upon the assumption that residents in tourist counties would pay sales tax at the same rate per capita as do the residents of non-tourist counties that are in the same per capita level of personal income.

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[1] Don E. Dickey, *Alcoholic Beverage Taxation in Florida.* Tallahassee, 1956. See especially p. 24.

TABLE 16.—ESTIMATED TOURIST AND RESIDENT SHARES OF FLORIDA SALES TAX COLLECTIONS: 1954–55

Share of Sales Tax	Counties Grouped by Per Capita Personal Income				
	All counties	Over $1,300 income	$1,101–$1,300 income	$901–$1,100 income	Under $901 income
	Amount (thousands of dollars)				
Tourist share	$ 26,811	$ 24,655	$ 1,899	$ 257	——
Resident share	49,235 [1]	37,719	3,937	2,009	$ 1,076
	Per Capita of Resident Population				
Tourist share	$ 7.62	$ 9.25	$ 4.27	$ 1.18	——
Resident share	13.37 [1]	14.15	9.05	9.27	$ 5.39
	Per Cent of Total Collections				
Tourist share	36.2%	33.3%	2.6%	.3%	——
Resident share	63.8 [1]	50.9	5.3	2.7	1.5%

Source: Tax collections, Comptroller's Report, 1955; population data, Bureau of Economic and Business Research, University of Florida; tourist classification of counties, Dr. Reinhold Wolff, University of Miami.

[1] Based on amounts not allocated to county income levels, as follows: $2,485,400 out-of-state collections and $9,427 suspense items. Hence, classes do not add to total shown.

The estimate indicates that $26,811,000, or 36.2 per cent, of total collections could be ascribed to the tourist. That amount represented $7.62 for each individual in the resident population of Florida, while the resident share of the tax represented $13.37 per capita. By far the greatest part of the estimated tourist share is attributed to the 11 primary tourist counties, especially those whose per capita income level was over $1,300. (These are Broward, Dade, Lee, Palm Beach, Pinellas, St. Johns, and Sarasota.)

This estimate of tourist payments of sales tax is subject to two major qualifications. The first major qualification indicates that the estimated tourist share is understated because counties which are classified as non-tourist in character do, in fact, have some taxed tourist expenditures. This increases the base figure of sales tax collections per capita for non-tourist counties. The effect is to reduce the residual in tourist counties that is ascribed to tourist expenditures.

The second major qualification pertaining to the estimated tourist share of the sales tax is based upon the economic character of trading or shopping centers. Counties that are classified as tourist also contain the major shopping centers of the state and attract resident expenditures from outside the counties in which they are located. In other words, the higher sales tax collections of such counties as Dade, Duval, Hillsborough, and others are partly due to purchases of "fashion" and "shopping" goods by Floridians from other parts of the state. As a consequence, not all the excess over the non-tourist county per capita amount can be ascribed to tourists in the tourist counties. Data are lacking to make an exact evaluation of this factor.

As a result, a safer estimate of the tourist share of the Florida sales tax would be well under the percentage shown in Table 16. Probably the tourist proportion is closer to one-fourth than it is to one-third.

A further comparison and check upon the resident and tourist shares of the sales tax may be made by reducing each to a daily amount per capita. Based upon Dr. Wolff's estimate of 110,134,000 visitor days during the season, the tourist share would be approximately 24 cents per day. This would represent the tax on $8 expended primarily on meals, lodgings, amusements, and souvenirs. This does not appear unreasonably large.

The estimated resident share of the tax would amount to 3.7 cents per day, which implies an expenditure on taxable items averaging $1.25 per day. Neither of these estimates of daily taxable expenditures appears to be unreasonable. Yet the tourist daily amount is probably less reliable than the resident daily amount of 3.7 cents per day, since the count of the number of tourists and of the length of their stay in Florida is open to more error than the number of the resident population.

In summary, the suggestion is advanced that the tourist pays one-fourth or more of the state sales tax at a rate which is perhaps between 20 cents and 24 cents for each day he spends in Florida. But the major part of the tax is paid by the resident. To secure any greater amount of sales tax from the tourist would require raising the tax rate on presently taxable transactions or extending the sales tax to additional types. If the tax coverage were widely extended, the tourists would pay a smaller percentage of the total and residents would pay a larger part.

Comparative Sales Tax Loads of Regions and Counties

Large and small county tax payments.—Florida counties vary considerably in area and population, but economic variations are

equally striking. As shown in Table 17, Dade county in the fiscal year 1956 paid 28.3 per cent of all state sales tax collections. Duval county was second with 9.8 per cent, while Hillsborough, Pinellas, and Broward each paid 7.4 per cent of the total. Orange and Palm Beach counties each paid 4.9 per cent. The remaining 60 counties paid 29.9 per cent. Approximately the same percentage relationship has existed since the first full year of sales taxation in fiscal year 1951.

TABLE 17.—GENERAL SALES TAX COLLECTIONS IN SEVEN LARGEST COUNTIES OF FLORIDA: 1955-56

County	Amount (thousands)	Per Cent of Total	County	Amount (thousands)	Per Cent of Total
All counties	$86,095	100.0%	Pinellas	$ 6,378	7.4%
Seven largest counties	60,316	70.1	Broward	6,353	7.4
Dade	24,385	28.3	Orange	4,233	4.9
Duval	8,388	9.8	Palm Beach	4,184	4.9
Hillsborough	6,395	7.4	All other counties	25,779	29.9

In other words, the largest county produces a little less than a third, the next four largest counties produce a third, and the 60 smallest counties produce nearly a third of sales tax revenue. The seven largest counties together pay more than two-thirds of the total revenue.

Regional impact of sales tax.—Florida, unlike some other states, is rather difficult to divide into distinct economic regions. This state has numerous regional variations which do not clearly divide into contiguous groups of counties. Nevertheless, an attempt may be made to group the counties into four regions; these may be labeled, for convenience, as Northwest, Northeast, Central and South Florida. A comparison of the proportions of sales taxes collected in each area with other characteristics reveals important regional aspects of the sales tax.

In Table 15, the sales tax collections of the fiscal year 1955 are compared with three other significant economic factors — sales receipts of private firms, personal income of residents, and population — for the state as a whole and for each of the four regions mentioned.

Sales tax collections were $71,551,000, of which 45.2 per cent came from South Florida, 33.6 per cent from Central Florida, 13.8 per cent from Northeast Florida, and 7.4 per cent from

TABLE 18.—REGIONAL AREA DISTRIBUTION OF SALES TAX COLLECTIONS AND RELATED ECONOMIC FACTORS: 1954–1955
(Data for 1954 except tax collections for fiscal year 1955)

Itemization	State Total	North-west Florida	North-east Florida	Central Florida	South Florida
	Amount (in thousands except population)				
Sales tax collections	$ 71,551 [1]	$ 5,307	$ 9,853	$ 24,057	$ 32,334
Retail sales	3,994,796	402,001	596,054	1,424,335	1,572,406
Service trade receipts	652,665	39,701	78,209	190,981	343,774
Personal income	5,312,847	619,787	902,465	1,807,810	1,982,785
Population	3,526,983 [2]	535,686	580,263	1,301,544	1,099,427
	Percentage of State Total				
Sales tax collections	100.0%	7.4%	13.8%	33.6%	45.2%
Retail sales	100.0	10.1	14.9	35.6	39.4
Service trade receipts	100.0	6.1	12.0	29.2	52.7
Personal income	100.0	11.7	17.0	34.0	37.3
Population	100.0	15.2	16.5	36.9	31.2
	Per Capita Amount				
Sales tax collections	$ 20.29	$ 9.91	$16.98	$ 18.48	$ 29.41
Retail sales	1,132.64	750.44	1,027.22	1,094.34	1,430.21
Service trade receipts	185.05	74.11	134.78	146.73	312.68
Personal income	1,506.35	1,157.00	1,555.27	1,388.97	1,803.47
	Amount as Percentage of Personal Income				
Sales tax collections	1.3%	.9%	1.1%	1.3%	1.6%
Retail sales	75.2	64.9	66.0	78.8	79.3
Service trade receipts	12.3	6.4	8.7	10.6	17.3

[1] Excludes $2,485 thousands collected from out-of-state.

[2] Includes 886 military personnel and 9,177 inmates of state institutions unallocated by counties.

NOTE: Classification of the 67 counties into four regions:

Northwest: Bay, Calhoun, Dixie, Escambia, Franklin, Gadsden, Gulf, Hamilton, Holmes, Jackson, Jefferson, Lafayette, Leon, Liberty, Madison, Okaloosa, Santa Rosa, Suwannee, Tayor, Wakulla, Walton, and Washington.

Northeast: Alachua, Baker, Bradford, Clay, Columbia, Duval, Flagler, Gilchrist, Nassau, Putnam, St. Johns, and Union.

Central: Brevard, Citrus, De Soto, Hardee, Hernando, Highlands, Hillsborough, Lake, Levy, Manatee, Marion, Orange, Osceola, Pasco, Pinellas, Polk, Sarasota, Seminole, Sumter, and Volusia.

Southern: Broward, Charlotte, Collier, Dade, Glades, Hendry, Indian River, Lee, Martin, Monroe, Okeechobee, Palm Beach, and St. Lucie.

Northwest Florida. The percentage distribution of the volume of retail sales reported by the Bureau of the Census for the year 1954 revealed 39.4 per cent was in South Florida counties. Thus the sales tax bore more heavily on South Florida retail sales than on other areas. The tax load was lightest on retail sales in Northwest Florida, where 10.1 per cent of all retail sales paid 7.4 per cent of the sales tax.

In service trade receipts, South Florida had accounted for 52.7 per cent of the state total, but paid only 45.2 per cent of the sales tax. In the remaining three regions, sales tax collections represented a larger proportion of the state total than did service trade receipts.

In comparing the distribution of sales tax collections with the distribution of personal income, South Florida again differs from the other regions. Residents of this region received 37.3 per cent of the personal income of the state, but paid 45.2 per cent of the tax. The same situation held for population. The South Florida region with 31.2 per cent of the state's population paid 45.2 per cent of the tax.

What was the weight of the sales tax collections expressed as a percentage of the personal income of residents? South Florida's share by this test (1.6 per cent) was heavier than that of any other region and well above the state-wide average of 1.3 per cent. Northwest Florida's sales tax collections represented only .9 per cent of personal income, or about two-thirds the state average. Northeast Florida also had tax collections below the state average in proportion of personal income (1.1 per cent), while Central Florida sales tax collections were the same as the state average in relation to personal income (1.3 per cent). The importance of tourism in South Florida exaggerates the percentage relation between tax collections and personal income of residents.

A partial off-set to the finding that sales tax collections represented an increasing proportion of personal income moving from West to East Florida — and then to South Florida — was the fact that the combined retail sales and service trade receipts as a proportion of personal income varied in the same manner. South Florida region paid 1.6 per cent of personal income in state sales taxes, but total sales receipts were 96.6 per cent of residents' personal income. At the opposite end of the state in Northwest Florida, where sales taxes were only .9 per cent of personal income, total retail and service trade receipts dropped to 71.3 per cent of the relatively low personal income of that region.

County ability to pay sales taxes.—To replace unsupported opinion about local ability to pay sales taxes, a systematic study was conducted of the relation of Florida sales taxes to ability to pay as evidenced by the personal income of Florida residents — the income from which comes all taxes, payments for living costs and investments (either immediately or in other years), and personal savings. For this purpose, Table 19 groups the 67 counties into seven levels of income per capita, varying from two counties having over $1,800 income per capita to nine counties having income per capita from $500 to $700. The weight of the general sales tax, as well as of gasoline and other selective sales taxes, is subjected to two tests in the counties grouped by ability to pay from large or small income per capita. The first of these, per capita taxes, not only states the actual tax payments but also indicates the differing levels of consumption or ability to buy commodities subject to taxation.

Per capita general sales tax payments in 1955 varied from $32.95 in the highest income group to $4.31 in the lowest income group with a state-wide average of $20.29. Within each county income level, the amount of sales tax payment per capita varied. One factor underlying this finding is the difference between counties in the same income group as to available urban shopping facilities. For example, in the counties whose per capita income was between $1,500 and $1,800, sales tax payments were $30.67 per capita in Sarasota and only $15.33 in Polk. In the next lower income group ($1,300 to $1,500 income per capita), the variation was even more noticeable — $33.14 in Broward county and $4.22 in Glades county. County boundaries do not make good economic boundaries. But when counties having similar incomes per capita are grouped together, many other variations tend to offset each other. Thus averages of income groups are useful, though individual counties differ considerably. In summary, by the first or per capita test, the burden of the general sales tax varied in correspondence with ability to pay; the tax load was high in the counties having large incomes per capita, permitting residents to buy more taxable articles, and usually decreased as consumption declined with lower incomes per capita of the poorer counties.

By the second test, when general sales tax payments are expressed as a percentage of personal income in each county, the same finding appears among the income groups as in the per capita amounts. General sales tax payments ranged downward from 1.64 per cent of personal income in the highest income group to .68 per cent in the lowest income group. The average

TABLE 19.—GENERAL AND SELECTIVE SALES TAXES COLLECTED IN THE 67 COUNTIES GROUPED BY LEVELS OF PERSONAL INCOME PER CAPITA: 1954–1955

Counties Grouped by Levels of Personal Income per Capita	Per Capita Amounts				Taxes as a Percentage of Personal Income			
	Total general and selective sales taxes	General sales tax	Gasoline and motor fuel taxes	Alcoholic beverage and cigarette taxes	Total general and selective sales taxes	General sales tax	Gasoline and motor fuel taxes	Alcoholic beverage and cigarette taxes
Florida	$57.68	$20.29	$23.25	$14.15	3.83%	1.35%	1.54%	.94%
Over $1,800	77.44	32.95	23.72	20.77	3.85	1.64	1.18	1.03
Dade	77.40	36.07	25.60	20.81	3.86	1.65	1.18	1.03
Hendry	83.39	17.01	49.71	16.67	2.78	.57	1.66	.55
$1,500–$1,800	55.53	20.62	21.23	13.68	3.32	1.24	1.26	.82
Duval	54.07	20.21	19.95	13.90	3.02	1.13	1.11	.78
Orange	55.52	21.18	20.31	14.03	3.67	1.40	1.34	.93
Palm Beach	63.51	23.86	22.72	16.94	3.73	1.40	1.33	1.00
Polk	46.25	15.33	23.01	7.91	2.92	.97	1.45	.50
Sarasota	76.04	30.67	24.93	20.44	4.73	1.91	1.55	1.27
$1,300–$1,500	56.92	20.10	22.55	14.27	4.00	1.42	1.58	1.00
Broward	78.26	33.14	24.67	20.46	5.32	2.25	1.68	1.39
Collier	69.22	19.40	37.09	12.74	4.76	1.33	2.54	.89
Escambia	38.93	12.78	16.55	9.59	2.67	.88	1.14	.65
Flagler	77.96	19.26	45.01	13.69	5.88	1.45	3.40	1.03
Glades	55.82	4.22	42.68	8.92	3.87	.29	2.96	.62
Gulf	40.25	13.48	16.60	10.17	2.78	.93	1.16	.69
Highlands	63.08	12.99	37.19	12.89	4.29	.88	2.53	.88
Hillsborough	54.12	18.00	22.86	13.26	3.78	1.26	1.60	.92
Indian River	68.44	18.80	33.28	16.36	4.85	1.33	2.36	1.16
Lake	52.10	11.89	28.07	12.13	3.54	.81	1.91	.82
Lee	67.98	22.17	28.80	17.01	5.08	1.65	2.16	1.27
Leon	48.49	15.61	24.58	8.30	3.63	1.17	1.84	.62
Monroe	37.36	12.39	14.12	10.86	2.83	.94	1.06	.83
Pinellas	63.79	25.93	20.30	17.57	4.48	1.82	1.42	1.24
St. Johns	53.70	15.94	25.12	12.65	3.69	1.09	1.73	.87
St. Lucie	56.23	14.43	26.83	14.96	4.30	1.10	2.05	1.15
$1,100–$1,300	51.12	13.42	26.27	7.22	4.20	1.10	2.15	.95
Bay	50.92	14.76	24.33	11.83	4.01	1.16	1.92	.93
Brevard	51.78	11.73	29.22	10.83	4.12	.93	2.33	.86
Charlotte	74.30	14.33	42.62	17.36	6.30	1.22	3.61	1.47
Clay	22.19	5.03	13.17	3.99	1.76	.40	1.04	.32
De Soto	38.81	6.84	21.55	10.42	3.31	.58	1.83	.90
Gadsden	31.45	6.13	19.14	5.27	2.69	.53	1.69	.47
Marion	63.58	16.73	34.32	12.53	5.32	1.39	2.88	1.05
Martin	64.79	15.84	34.25	14.70	5.19	1.27	2.74	1.18
Nassau	75.78	13.34	45.73	10.70	6.07	1.16	3.98	.93
Okaloosa	34.13	7.26	19.31	7.56	2.78	.58	1.58	.62
Pasco	39.32	8.25	21.34	9.72	3.58	.76	1.94	.88
Putnam	44.41	9.98	23.33	11.11	3.96	.89	2.09	.98
Taylor	71.60	12.64	46.55	12.41	6.16	1.09	4.01	1.06
Volusia	66.30	22.80	26.41	17.10	5.17	1.78	2.06	1.33

TABLE 19 (Continued).—GENERAL AND SELECTIVE SALES TAXES COLLECTED IN THE 67 COUNTIES GROUPED BY LEVELS OF PERSONAL INCOME PER CAPITA: 1954–1955

Counties Grouped by Levels of Personal Income per Capita	Per Capita Amounts				Taxes as a Percentage of Personal Income			
	Total general and selective sales taxes	General sales tax	Gasoline and motor fuel taxes	Alcoholic beverage and cigarette taxes	Total general and selective sales taxes	General sales tax	Gasoline and motor fuel taxes	Alcoholic beverage and cigarette taxes
$900–$1,100	$43.00	$10.45	$23.75	$ 8.80	4.22%	1.03%	2.32%	.87%
Alachua	41.90	11.93	21.97	8.00	3.82	1.09	2.00	.73
Citrus	69.19	11.45	43.50	14.23	7.62	1.26	4.80	1.56
Columbia	58.38	9.38	38.05	10.95	5.84	.94	3.81	1.09
Hardee	34.64	7.41	19.70	7.53	3.25	.70	1.84	.71
Hernando	50.19	9.59	33.21	7.40	5.31	1.01	3.52	.78
Jackson	31.49	6.26	20.01	5.23	3.50	.70	2.22	.58
Manatee	50.32	15.24	23.14	11.94	4.80	1.45	2.21	1.14
Seminole	35.56	7.97	19.06	8.53	3.56	.80	1.90	.86
$700–$900	42.61	6.00	29.63	6.98	5.21	.73	3.63	.85
Bradford	52.32	11.28	34.46	6.58	7.29	1.57	4.81	.91
Gilchrist	48.17	4.68	33.70	9.79	6.31	.61	4.42	1.28
Hamilton	29.17	4.06	20.50	4.61	4.06	.56	2.85	.65
Jefferson	37.42	4.79	28.51	4.12	4.97	.64	3.78	.55
Lafayette	35.30	3.46	26.24	5.61	4.58	.45	3.40	.73
Levy	79.34	6.34	62.20	10.81	9.37	.75	7.34	1.28
Liberty	42 87	1.97	34.86	6.04	5.28	.24	4.29	.75
Madison	28.84	4.40	19.35	5.09	3.52	.54	2.36	.62
Okeechobee	69.98	8.04	49.62	12.31	9.34	1.07	6.63	1.64
Osceola	54.57	10.34	30.50	13.73	6.09	1.15	3.41	1.53
Santa Rosa	31.06	4.42	23.29	3.34	3.81	.54	2.86	.41
Sumter	36.19	4.03	23.03	9.13	4.02	.45	2.56	1.01
Suwannee	40.57	6.23	27.80	6.54	4.53	.70	3.10	.73
$500–$700	36.99	4.31	27.08	5.60	5.87	.68	4.30	.89
Baker	39.79	4.04	28.79	6.96	5.77	.59	4.17	1.01
Calhoun	37.21	4.76	26.39	6.06	5.46	.70	3.87	.89
Dixie	79.01	7.81	60.90	10.30	11.73	1.16	9.03	1.54
Franklin	45.50	6.10	27.34	12.06	6.58	.87	3.96	1.75
Holmes	27.48	2.21	22.48	2.79	4.99	.40	4.09	.50
Union	23.81	1.97	16.68	5.16	4.14	.34	2.90	.90
Wakulla	33.70	3.32	25.73	4.65	5.65	.56	4.31	.78
Walton	42.85	5.86	31.47	5.52	6.85	.94	5.02	.89
Washington	27.55	4.06	19.95	3.54	4.22	.62	3.05	.55

Source: Tax collections from the report of the Comptroller, 1955. Personal income and population data from the Bureau of Business and Economic Research, University of Florida.

of the second highest income group, 1.24 per cent of income in counties having $1,500 to $1,800 income per capita, departed from the pattern of the other income levels in being less than that of the next lower income group. Within each income level, approximately the same variation in percentage of income taken by sales tax appeared as was seen in the per capita amounts.

Significantly, Table 19 reveals that gasoline and motor fuel tax payments do not follow the same pattern of distribution as the general sales tax payments. By the per capita test, gasoline and motor fuel taxes varied between $21.23 and $29.63 per capita in the seven income groups, but the variation seems to have no close relation with per capita income levels. When the same gasoline and motor fuel taxes are expressed as a percentage of personal income, the variation was from 1.18 per cent to 4.3 per cent among the seven income levels. Here the relation to income is clear, but opposite to that of the general sales tax. Put another way, the gasoline tax load became heavier as ability to pay decreased.

The general sales tax relation to personal income per capita in Florida counties is progressive with the tax load corresponding to ability to pay. In contrast the gasoline and motor fuel taxes are regressive since they take a larger percentage of the lower per capita incomes than of the higher incomes in the classified counties.

Alcoholic beverage and cigarette taxes together are shown in Table 19 as taking .94 per cent of the state's personal income. Among the county groups, the variation ranged from 1.03 per cent to .82 per cent, but not in any clear relation to income variations. In fact, the weight of these taxes was almost proportional among various income groups. That is, these taxes accounted for about the same percentage of personal income in all seven groups, although varying among individual counties.

An important question concerns the burdens of all sales taxes together — the general sales tax and selective sales taxes, including several not shown separately in Table 19. As a total, all sales taxes represented percentages of personal income in the seven income levels that ranged between 3.32 per cent for wealthy counties to 5.87 per cent generally for the poorest counties. In general, the total tax load increased with decreasing incomes. Thus the total of general sales and selective excises was regressive by weighing more heavily upon poor than on wealthy counties among the various income levels.

In summary, after grouping the counties by per capita income levels, alcoholic beverage and cigarette taxes together were approximately *proportional* in relation to county income levels; gasoline and motor vehicle taxes were *regressive* in character; and general sales taxes were *progressive*. The general sales tax, as the more recent addition to Florida's tax system, has added an element of progressivity. Yet this tax has not been sufficient to render all Florida consumption taxes progressive, since a mild

degree of regression remains for the total of general and selective sales taxes.

The study here of relative taxpaying ability is based on the geographical distribution of taxes and personal income in the 67 counties. What, then, of the families and individuals within counties? Authoritative studies of many sample budgets have pointed to the large proportion of low-income budgets absorbed by food in contrast to the census reported incomes of families and individual income spent on taxable sales as the income grows larger. An intensive study was conducted by the University of Florida of the 1950 private incomes in the counties grouped by levels in contrast to the Census reported incomes of families and individuals classified by the size of income received. That study found that the number of families and individuals receiving relatively ample income — and hence having taxpaying ability — increased or decreased in correspondence with a rise or fall in the level of county income per capita.

To quote the university study, "among the low levels of county income per capita, small incomes were disproportionately large, and large incomes were small as a percentage of total income. As levels of county income per capita rose, the proportions of low income decreased, while the proportions of high income increased."[1] The geographical distribution of taxes and income, therefore, dependably indicates the relative extent to which large or small numbers of individuals have taxpaying ability.

Classes of taxable sales and income.—To help in understanding why the present sales tax is progressive in effect, Table 20 classifies taxable sales (not tax collections) into several classes. Following the previous procedure, the classified taxable sales are expressed as a percentage of personal income in the counties grouped by seven income levels. Total taxable retail sales ranged from 41 per cent of personal income in the wealthiest counties to 18.3 per cent of personal income in the lowest income counties.

The second highest income level (five counties having personal income ranging between $1,300 and $1,500 per capita) appears to vary from the pattern followed by all other income levels. This variation appears in every category of retail sales except apparel and accessories. Other minor variations appeared in some of the classes of retail sales. Yet the general pattern was one of direct relationship between the size of income and percentage of income represented by taxable retail sales.

[1] Bureau of Economic and Business Research, University of Florida, *Income Payments to Individuals in Florida Counties*, 1950, pp. 9, 23–24.

Total taxable service trade receipts varied from 10.9 per cent in the highest income group of counties to 2.3 per cent of income in the second lowest income group. Here again the second highest income group was lower than expected and the lowest income group was higher in percentage of income than the general pattern would indicate. Nevertheless, taxable service trade receipts followed the same general relationship between income and sales that was apparent in retail sales.

The analysis demonstrates that the weight of taxable sales on personal income tended to vary directly with the amount of personal income per capita. Individual counties showed variation from the averages, but the pattern is clear for the seven income levels into which the counties were classified.

TABLE 20.—TAXABLE SALES AS A PERCENTAGE OF PERSONAL INCOME, BY COUNTIES GROUPED BY LEVELS OF PERSONAL INCOME PER CAPITA: 1954–1955

County Level of Personal Income per Capita	Retail Sales						Service Trade Receipts
	Total	Grocers and other food retailers	Restaurants and eating places	Apparel and accessories	Automotive	Other	
Florida	37.2%	2.0%	4.0%	1.7%	3.2%	26.3%	6.3%
Over $1,800	41.0	2.4	5.7	2.5	2.9	27.6	10.9
$1,500–$1,800	36.5	1.8	3.0	1.7	3.2	26.8	3.8
1,300– 1,500	39.5	1.9	4.0	1.7	3.3	28.7	5.9
1,100– 1,300	30.7	2.1	3.6	1.0	3.2	20.8	5.6
900– 1,100	29.6	1.9	2.9	0.9	3.6	20.3	3.7
700– 900	21.1	1.8	2.1	0.2	3.5	13.6	2.3
500– 700	18.3	1.5	1.9	0.2	3.6	11.0	2.8

Source: Income data from Bureau of Economic and Business Research, University of Florida. Tax data from Comptroller's Report, 1955.

Taxable sales compared with total sales.—In Table 21 the amounts of taxable sales reported by the Comptroller for fiscal year 1955 are related to the total volume of sales (retail trade and service trades) reported by the Census of Business for the calendar year 1954. Each of the seven groups of counties are separately classified by levels of personal income per capita. Taxable sales were 49.73 per cent of total sales for the state. Among the seven income level groups of counties, the percentages varied from 54.77 per cent in the highest income group to 22.75 per cent in the lowest income group.

Both taxable sales and total (Census-reported) sales declined as each income level decreased. Taxable sales declined with each lower income level more rapidly than did the total sales reported by the Census of Business. As a percentage of personal income, taxable sales varied from 51.95 per cent at the highest income level to 21.05 per cent at the lowest income level. Total sales varied only from 94.85 per cent to 79.52 per cent, and not in complete harmony with decreases in per capita income grouping. Nevertheless, taxable sales — and therefore sales tax payments —bore a close relation to variations in ability to pay as indicated by per capita income when the counties are grouped by income levels.

This finding is especially significant in contrast to the well known tendency of general sales taxes to bear relatively more heavily on low personal incomes. In anticipation of the later analysis of possible modification of the sales tax, the question is pertinent, "what would be the effect of a socalled across the board sales tax"? As disclosed by the per capita Census reported retail and service sales, a broad and inclusive sales tax would result in large tax collections per capita in the wealthy counties, and collections would decrease as the income per capita shrank, by reason of smaller consumption in the poor counties. The test of the tax burden, however, is found in the taxes as a percentage of personal income. By this test, the weight of an "across the

TABLE 21.—TAXABLE SALES AND CENSUS REPORTED RETAIL AND SERVICE TRADE SALES IN COUNTIES GROUPED BY LEVELS OF PERSONAL INCOME PER CAPITA: 1951-1955
(Census reported sales for calendar year 1954)

Level of County Personal Income per Capita	Taxable Sales		Census Sales (thousands)	Per Capita Sales		Per Cent of Personal Income	
	Amount (thousands)	Per cent of census sales		Taxable sales	Census sales	Taxable sales	Census sales
Florida ($1,506)	$2,311,085	49.73%	$4,647,461	$ 655.26	$ 1,317.69	43.50%	87.48%
Over $1,800	678,687	54.77	1,239,124	1,047.13	1,911.81	51.95	94.85
$1,500-$1,800	609,901	50.62	1,204,837	675.68	1,334.79	40.25	79.52
1,300- 1,500	723,594	50.68	1,427,651	649.07	1,280.62	45.47	89.72
1,100- 1,300	192,155	43.56	441,132	441.73	1,014.09	36.30	83.33
900- 1,100	73,700	36.74	200,603	340.07	925.64	33.36	90.80
700- 900	23,548	25.50	92,346	184.03	721.68	22.50	88.25
500- 700	9,501	22.75	41,768	132.59	582.90	21.05	92.53

Source: Taxable sales from Comptroller's Report, 1955. Other sales data from U.S. Bureau of the Census, *Census of Business: 1954*.

board" tax would be roughly the same in all seven income levels; the poor counties would pay as high a proportion of their personal income as the wealthy counties. As later pages will show, however, total retail sales alone are regressive, while total service trade sales are progressive in their distribution.

Administrative Problems

Administrative Load.—The number of taxpayers and the frequency of tax returns are outstanding aspects of sales tax administration. Retailers from whom the sales taxes are collected are numbered by the thousands. When returns are required monthly, the administrative load mounts to many thousands of individual tax returns to be received, verified, and audited each year.

Florida, like ~~all~~ other sales tax states except Indiana, Missouri, and West Virginia, requires each dealer whose sales are subject to tax to obtain a dealer's certificate of registration (sales tax license.) The primary purpose of such registration is to obtain a list of qualified or potential taxpayers. Ten states, including the southeastern states of Alabama, Arkansas, Georgia, Louisiana, and Mississippi, require a license but make no charge for it. Thirteen states, including Florida, North Carolina, and Tennessee, charge $1 for the certificate. Only South Carolina attempts to raise any substantial sum from the license, charging an annual fee that ranges from $5 to $150, depending on the number of stores in a chain. Colorado and Michigan are the only other states charging an annual renewal fee.

Within the first few months of operation of the Florida sales tax, over 90,000 dealers were registered. Since the first (partial) year of operation, the number of new certificates issued each year has averaged 25,000, but the number of firms giving up their licenses has reduced the active accounts to about 110,000 during the current year. Accordingly, the turnover in active accounts is around one-fifth each year.

With the number of registrants varying between 90,000 and 110,000 during the period since 1949 — coupled with the statutory requirement of monthly returns — the administrative load of sales tax reports has recently peaked in winter months to about 110,000 returns. As a minimum, the number has dropped to 92,000 returns in the "off-season" when many firms suspend operations.

Monthly reporting is by far the most common requirement, being the rule in 22 states. Washington uses a bimonthly return, and Ohio requires a semiannual information return. (Since Ohio

dealers purchase sales tax receipts, which are to be handed to the purchaser at the time of sale, the returns are for information rather than tax collection). The remaining nine states, not including any southeastern states, require quarterly returns only.

Because monthly reporting of very small sums tends to increase administration costs in relation to collections, seven of the 22 states using monthly returns permit quarterly returns to be substituted if the monthly tax is less than a specified amount. That minimum monthly amount varies from $5 in Arkansas and Oklahoma to $20 in Colorado. In Mississippi, South Carolina, West Virginia, and Wyoming quarterly returns are permitted if the monthly tax is $10 or less. Although the statute does not so prescribe, the Florida Comptroller is apparently shifting a number of small returns (less than $10 per month) to a quarterly basis. This is good administrative practice, tending to reduce both collection and compliance costs. If the legal basis for this practice seems doubtful, the statute (F.S. 1955 Sec. 212.11) should be amended to provide for this practice.

Administrative organization and procedure.—In the same way that good business practice calls for the regular mailing of customers' statements, efficient tax collection procedure calls for a means of notifying the taxpayer, or reminding him of the regular tax payment dates. Based upon the sales tax registrations, the Comptroller mails out the monthly tax report forms immediately before the close of the month. Every effort is made to avoid mailing a report form to a dealer whose business is inactive during the month or to one who has left the business. Both notification from the area offices and direct mail are employed in keeping the current reporting files up to date. Mechanical addressing procedures seem efficient.

When reports and remittances are received by the Comptroller, they are opened in a mail room, and then delivered to an "auditing" section where the arithmetic is checked and the accuracy of the remittance is verified. Checks and money orders are validated in batches of 60 to 80 returns, for deposit with the Treasurer. Some duplication of effort is possible in this "auditing" section, for the returns are next entered on punched cards for machine accounting and statistical compilations. Since discrepancies are readily revealed at this stage, the earlier verification "by hand" of taxable amounts and remittances is overlapped. As between the two procedures, the machine punched card procedure is faster and more accurate. The Comptroller possibly can save some collection costs and at the same time compile more

statistical information by still greater use of punched-card techniques.

An important aspect of the checking of reports from taxable registrants is that the central office of the Comptroller does not attempt to compile a list of delinquent taxpayers, but rather sends a copy of the remittance validation record to the area office. Each of the 19 area offices then determines delinquency within its area as a residual from the daily records of tax payments. This method secures greater accuracy in determining real rather than apparent delinquency because the area staff has greater familiarity with each taxpaying firm. This procedure is a desirable approach to decentralization of the delinquent compliance problem. To the central office of the Comptroller, a delinquent account is a registration number. To the area office a delinquent account is a firm whose owner or manager is well known to the staff.

Costs of collection.—Studies of sales taxation in the United States contain many references to costs of collecting sales taxes. Collection costs of 2 per cent of yields are apparently rather common. In that respect, the Florida sales tax organization shows up rather well, Table 22 sets forth the yields and collection costs reported by the Comptroller for each fiscal year since the beginning of the sales tax in Florida. During the first four years of sales taxation, the collection costs incurred represented a declining proportion of the yield, dropping from 2.9 per cent to 1.8 per cent of collections.

Fiscal year 1954 temporarily reversed the trend to lower collection costs. During the past two years, however, the percentage dropped first to 1.8 per cent of the yield and then to 1.7 per cent, the lowest of any year.

In addition to direct costs incurred by the Comptroller in collecting the revenue, the sales tax statute provides that taxpayers be given an allowance of 3 per cent of the amount of tax due as compensation for their compliance costs. The addition of this percentage to the collection percentage results in administration costs that ran between 5.9 per cent and 4.7 per cent of the tax yield. These percentages are not unreasonable, according to the reported experiences of other states, but they serve to emphasize the point that good sales tax administration is not cheap.

Practice in other states varies regarding the extent of the percentage allowance to taxpayers. Colorado, with a 2 per cent tax rate, permits vendors to keep 5 per cent of the amount of tax. Michigan, with a 3 per cent tax rate, permits vendors to deduct

TABLE 22.—COLLECTION COSTS OF FLORIDA SALES AND USE TAXES: 1950–1956

Fiscal Year	Taxes Collected	Comptroller's Collection Cost	Per Cent	Compliance Cost Allowance	Total Cost of Administration
1950	$ 23,569,081	$ 683,398	2.9%	3.0%	5.9%
1951	47,424,538	1,047,085	2.2	3.0	5.2
1952	54,114,590	1,064,573	2.0	3.0	5.0
1953	62,516,923	1,154,380	1.8	3.0	4.8
1954	65,889,331	1,308,007	2.0	3.0	5.0
1955	74,026,997	1,318,162	1.8	3.0	4.8
1956	86,094,584	1,436,983	1.7	3.0	4.7

Source: Comptroller's reports.

$50 per month from gross sales; this means a maximum allowance of $1.50 per month. Like Florida, the states of Georgia, North Carolina, and South Carolina (all having a 3 per cent tax rate) allow the deduction of 3 per cent of the amount of the tax. Maryland and Missouri (both having a 2 per cent tax rate) also allow a 3 per cent discount.

Four states having 3 per cent tax rates — Alabama, Ohio, Pennsylvania, and Tennessee — permit a 2 per cent deduction by the vendor. Three states with 2 per cent sales tax rates — Arkansas, Louisiana, and Nevada — also permit a 2 per cent compliance allowance. The 18 remaining states (tax rates varying from 1/2 per cent to 3 1/3 per cent) permit no discount to the taxpaying vendor for his compliance costs.

In summary, more than one-half the sales taxing states make no allowance for compliance costs. Mississippi is the only southeastern state not making any allowance. Among those that permit a deduction, the percentage allowed seems to have no clear relation to the tax rate. Presumably, compliance costs a vendor no more with a 3 per cent tax than it does with a 2 per cent tax. Yet when his allowance is a straight percentage of the tax collected, he gets half again as much allowance if his state has a 3 per cent tax than if it has only a 2 per cent tax.

One aspect of the compliance allowance in Florida suggests the value of continuing the present arrangement. In many states, the taxpaying firm is required to remit the exact percentage of its taxable sales mentioned as the tax rate. In Florida the firm is required to return the amount actually collected from customers. Consequently, the "breaks" of bracket collections are not available to compensate the firm (in however arbitrary or capricious a manner they occur among various sales or types of business).

In this respect, the Florida uniform allowance to all firms is fair. This factor is claimed to have allayed some of the taxpayer opposition to the sales tax that seemed strong in 1949. This point seems plausible in view of the fact that a high proportion of returns do report somewhat more than 3 per cent of taxable sales. Further, this was publicly stated to be the intent of the law when the sales tax law was enacted.

Delinquencies.—The practice is common to bolster the requirement that taxes be paid before a specified or ascertainable date by providing penalties for failure to meet the requirement. The Florida sales tax law provides three varieties of financial inducement to file sales tax returns and to remit taxes not later than the twentieth day of the month following the taxable sales.

First, a delinquent taxpayer loses his 3 per cent compliance allowance. In addition, a monthly penalty of 5 per cent of the original amount of tax may be added, up to a total of 25 per cent (five months delinquent). Finally, the whole sum (original tax plus monthly penalties) is subject to interest at 6 per cent per annum from the due date until the date of payment.

The statute gives the Comptroller authority to compromise in the settlement of delinquency cases. In practice, the Comptroller has delegated this authority to the area supervisors, who are more familiar with the taxpayer's extenuating circumstances. As a result, the area supervisors have authority to over-rule an auditor's assessment of penalties when, in their judgment, circumstances warrant this action. Area supervisors are responsible for the collection of delinquent accounts. The proportion of all tax accounts that are delinquent is reported to be generally low throughout all 19 areas.

The low delinquency rate in Florida is due to a combination of factors, including the following:

a. Decentralization of supervisory responsibility
b. High staff morale
c. Monthly frequency of returns
d. Business satisfaction with sales tax as revenue source (Alternative revenue source might be an income tax or heavier licenses or an inventory tax)
e. General acceptance of the notion that the business firm is only the vehicle through which the sales tax is collected from consumers.

Legal problems.—Every new tax law raises legal questions that must be settled by the courts. During the first few years

of the Florida sales tax law, some 20 to 25 cases were litigated each year. During the past year, the number dropped to 10 cases.

The General Counsel to the Comptroller has stated that, generally speaking, court cases involve the question of taxability rather than the accuracy of an audit and assessment. This condition speaks well for the tax administrators, but not so well for the statute. The Comptroller's position has been that exemptions are to be strictly construed. His regulations are based upon that premise. (See, for example, Rule 76, Rules and Regulations, Florida Sales and Use Tax Law, July 1, 1955.) The courts have at times, however, construed exemptions more broadly than has the Comptroller.

TABLE 23.—SELECTED LIST OF ARTICLES WHOSE USE DETERMINES WHETHER TAXABLE OR EXEMPT UNDER FLORIDA SALES TAX

Article	Taxable	Exempt
Boats	Used for charter or pleasure fishing	Used by licensed commercial fishermen
Flower seeds	Sold to home gardener	Sold to commercial nurserymen
Parts, supplies, materials	Rebuilding second hand property for resale	Rebuilding motor vehicles, airplanes, motor driven agricultural equipment
Truck body	Placed on new chassis	Placed on old chassis
Ice cream	In cones or small cups	In pints, quarts, gallons for off-premise consumption
Ten cent item	Two or more sold at same time to same purchaser	Only one sold to purchaser at one time
Animal food	Fed to animals not kept for agricultural purposes	Fed to animals kept for agricultural purposes
Sales to banks	Used in fiduciary capacity, unless fiduciary is exempt	Used in conduct of banking or trust business
Dress goods by the yard	Sold in one piece over $10	Sold in one piece $10 or less
Safety shoes	Purchased by companies that furnish them to employees	Purchased by individual employees
Clothing accessories	Purchased separately from clothing	Purchased as part of clothing
Plows	Purchased by commercial grove caretaker	Purchased by grove owner for use on own grove

An extremely large proportion of the numerous exemptions hinge upon the use of the article or the purpose of the purchaser. For example, fertilizers used on crops, groves, and home vegetable gardens, or by commercial nurserymen are exempt; fertilizers used on lawns, shrubbery, ornamentals, flower gardens, or for purposes other than the growing of vegetables and fruit for human consumption are taxable. (See Rule 1. 1955 ed.) The same type of demarcation runs all through the statute and, in consequence, throughout the regulations. Table 23 gives a selected list of articles whose use determines whether or not they are taxable.

Exemptions, commonly introduced into sales tax laws for equity reasons, raise some administrative problems. When the use of the article, rather than its character, is the criterion of taxability, extremely difficult problems of audit and enforcement are involved. The litigation experienced in the administration of the Florida sales tax has been very small. One possible explanation may be the Comptroller's recognition — in common with many tax administrators — of the impossibility of proving tax liability in some borderline circumstances. No information is available to indicate the extent to which the actual yields of the tax have been affected by this practice.

Although exemptions raise difficult administrative problems, these very exemptions make the Florida tax progressive in relation to ability to pay among the various personal income levels in the state. Furthermore, administrative problems would continue to exist if all exemptions were removed. Their form might change, but they would be significant problems.

Possible Modifications in the Sales Tax

Considerations underlying modifications.—The Florida sales tax is more nearly like than unlike the sales taxes of most states, despite the important aspects in which it differs from all others. The base is narrower than in most sales taxing states and the rate is 3 per cent rather than the more common 2 per cent rate on retail sales. The Florida tax, however, is based primarily on retail sales of tangible personal property and is a major producer of revenue. Why then should any consideration be given to modifying the tax?

Reasons for modification of taxes (other than measures which are regulatory in purpose) can be grouped into three categories: revenue, administration, and equity. Any particular modification might have consequences in two of these areas, in addition to

the one which induced the change. For example, increasing a tax rate might not only increase the revenue yield, but also provoke evasion (an administrative problem), or discriminate unfairly against certain taxpayer groups, or both. Nevertheless, the primary reason for each possible modification should be clarified, whether the reason be considerations of revenue yield, administrative efficiency, or equity among taxpayers and other economic groups.

All proposed modifications consist of proposals to modify the tax rate (raise or lower it), to modify the tax base (broaden or narrow it), or to modify both the rate and base. Ordinarily, raising the tax rate will increase the yield; lowering the rate will reduce the yield. Broadening the tax base (adding taxable classes or removing exemptions) will increase the yield; narrowing the tax base (removing classes or increasing exemptions) will reduce the yield. When both the rate and base are modified, the effect on revenue may be analyzed by considering each part of the change separately. Accordingly, the *direction* of the effect on revenue may be readily ascertained. Measuring the *amount* of the change in yield may be more difficult.

To determine the probable effect of proposed changes in a tax on the administrative problem is more difficult than to estimate the revenue effect. Beyond some point, often difficult to define, further increases in the tax rate will tend to aggravate the administrative problem by increasing motives for tax evasion. Experience indicates, however, that this point is usually well beyond the rates which some taxpayers claim will induce evasion.

Generally speaking, the larger the number of taxpayers (points of collection) and the greater the frequency of reporting, the larger is the administrative problem. This does not mean, however, that administration is impractical for a tax involving collection from large numbers, for example, of all retailers. Somewhat different administrative methods must be employed in dealing with thousands of taxpayers rather than with hundreds or dozens.

Another aspect of the administrative problem is concerned with the nature of the tax base. The more definite and objective the identification of the tax base, the easier is administration. Good administration is more difficult when exemptions are numerous and when the extent of the exemption depends on the *use* rather than the *nature* of the items. The greater the proportion of similar items included in the tax base, the easier is administration. The more cross checks of information that are available,

such as statistical data and financial or other records, the easier is the administrative problem.

Taxpayer compliance is a further aspect of administration deserving attention. Low costs of compliance and convenience of the taxpayer reduce the administrative problem. Reporting and record keeping requirements that are costly or inconvenient to the taxpayer tend to increase the difficulties of administration. Attitudes of taxpayers are as significant for good compliance as the actual nature of compliance requirements.

Equity considerations involve notions of what is fair to all individuals and groups concerned. Benefit and ability to pay are the dominant principles of equity considerations. Whichever doctrine appeals most to any person, the application of the principle to a given tax or tax system requires that one look at the question whether the burden of the tax is regressive, proportional, or progressive in relation to personal income, out of which taxes must be paid.

A regressive tax or tax system is one which takes a larger percentage of lower personal incomes than of higher incomes. A proportional tax or tax system is one which takes the same percentage of all levels of income. A progressive tax or tax system is one which takes a higher percentage of higher incomes than of lower incomes.

The viewpoint of this study is that a moderate degree of progression in the Florida tax system is desirable for equity considerations. This does not require that each tax be progressive, for a progressive tax system might consist of a combination of all three types of distributing tax burdens. Furthermore, this principle requires that, in judging equity aspects of a state tax system (or any part of that system), one should consider the rather high degree of progression in the federal tax system and the varying degree of regression in the Florida local tax system. Changes in the state tax system that move in the direction of less progression or more regression become more questionable from the equity standpoint, the greater the degree of that change. Changes which would tend to reduce the degree of regression or to increase the degree of progression within practical limits would be desirable for equity reasons. Moderate progression in sales taxation is different from and should not be confused with net income taxes in which a high degree of progression results from taxing income by rates that increasingly rise with increasing income.

A significant part of equity is the effect of the sales tax on business. If a businessman pays an unjust tax his business is penalized and others are indirectly subsidized. The penalized buinessman pays larger operating costs, earns less profits, and suffers a competitive disadvantage. The same kind of conclusion prevails for county and other areas. Equity, therefore, is not so much a consideration of abstract justice as the standard for testing the effects of taxation upon businessmen, other individuals, and local areas as well as on the state's economy as a whole.

Actual choice among possible changes (or even no change) in the tax system must be based on a joint consideration of revenue effects, administrative problems, and equity considerations. Since the prospects are that the state need for revenue will increase in the future, discussion of possible modifications will be confined to revisions that would increase revenue rather than decrease tax yields. Administrative and equity aspects will be emphasized, since a tax modification is never desirable simply because revison would provide needed revenue.

Effect of removal of all exemptions.—One possible type of change in the sales tax would be a broadening of the tax base by removing all present exemptions. This type of change has been advocated by some as an "across-the-board" sales tax. This would presumably extend the tax base to cover all retail trade and service trade transactions and all sales of farming, fishing, and industrial machinery and equipment. Such a change would increase the sales tax yield by an estimated 113 per cent. This estimate is based primarily upon the relationship between the value of taxable and exempt transactions shown in Table 14. Using the same relationship as a basis, the removal of exemptions on selected classes of transactions is estimated to have a potential revenue effect as follows:

Type of Modification	Revenue Increase	Type of Modification	Revenue Increase
End all retail trade exemptions	89%	End all service trade exemptions	12%
Groceries	30	Auto repair services	2
Automobiles	23	Personal services	5
Clothing	6	Other service trades	5
Medicines	3		
Feeds	2	End machinery and equipment exemptions	12
Fertilizers	2		
Gasoline	9	Farm and fisheries equipment	2
Alcoholic beverages	11		
Cigarettes	3	Industrial machinery	10

The expression of the effect of removing all exemptions as a percentage of yield of the present law obviously poses the question as to what amount of revenue would be collected under the present law in the next biennium. On this subject the Comptroller and the Budget Director have released estimates. In a press release dated November 26, 1956, the Comptroller estimated that the present sales tax will produce $112,000,000 and $125,400,000 in the two years of the coming biennium. The Budget Director estimated in January, 1957 that the present sales tax yield will be $115,370,000 and $131,500,000, respectively, in the two years ending June 30, 1959. Study of these estimates indicates that they differ mainly on the expected volume of economic activity in the nation and in the state. Both estimates appear to be based on an assumption that current trends will continue unabated, especially in the following factors: national income, Florida share of the national income state population growth, price levels, and tourism.

The estimate below differs from the two earlier estimates, partly because a less rapid rate of growth in personal income of Florida residents is assumed. While undoubtedly optimistic, this estimate is less so than the two earlier ones. To realize either of the official estimates referred to above would require a rapid growth in population and in productivity of labor and management, in combination with pure inflation. Not to be forgotten is the fact that price inflation would also affect the expenditure side of the state budget. Costs would rise especially for building construction and current materials, although salary costs will be fixed in the budget.

With these cautionary words, the following is presented as a reasonable optimistic outlook, assuming the federal administration will have better success in holding down inflation than was true during the previous eight years. Yield of the sales tax is estimated to be:

Fiscal Year	**Amount**
1957-58	$105,636,000
1958-59	116,015,000

In Table 24, the projected yields of the present sales tax are used as the basis for further estimation of the potential revenues of various classes in which the tax base might be broadened. The estimated yields differ from detailed estimates released by the Comptroller in gross amounts, as well as in certain distributions of the gross amounts. Yet they are similar to the Comptroller's estimate of the relation between present yields and po-

tential yields. His figures indicate that removal of all exemptions would increase state revenue by approximately 115 per cent, whereas Table 24 points to an increase of 113 per cent if all present exemptions were removed.

TABLE 24—ESTIMATED EFFECT OF SPECIFIED MODIFICATIONS OF FLORIDA SALES TAX: 1957-58 AND 1958-59

Aspects of Broadening the Sales Tax Base	Amount (in thousands)	
	1957–58	1958–59
Estimated yield under present law	$105,636	$116,015
Removal of all existing exemptions	119,369	131,097
Removal of all retail trade exemptions	94,016	103,253
Groceries	31,691	34,805
Automobiles	24,296	26,683
Clothing	6,338	6,961
Medicines	3,169	3,480
Feeds	2,113	2,320
Fertilizers	2,113	2,320
Gasoline	9,507	10,441
Alcoholic beverages	11,620	12,762
Cigarette	3,169	3,480
Removal of all service trade exemptions	12,676	13,922
Auto repair services	2,113	2,320
Personal services	5,282	5,801
Other service trades	5,282	5,801
Removal of machinery exemptions	12,676	13,922
Farm and fisheries equipment	2,113	2,320
Industrial machinery	10,564	11,602

Source: Based on projections of Florida personal income by Bureau of Economic and Busines Research, University of Florida.

If such an "across-the-board" sales tax were enacted, even a reduction in the rate to 2 per cent would still provide about 40 per cent more revenue than the present law.

From the administrative standpoint, broadening the tax base in this manner would simplify the collection and reporting process. Many of the questions that now are raised concerning taxability or exemption would disappear. Auditing of taxpayer accounts would be simplified. Removal of all exemptions would not be likely to reduce the delinquency problem, however, and might worsen delinquency.

The major problem about such a modification as the removal of all exemptions arises from the question of equity. What effect would this drastic change have on the present relation of the tax to ability to pay among varying levels of county personal income and as between upper, lower, and middle income families?

Many dependable studies have concluded that families with middle income spend smaller percentages of their income than do those with low incomes. Upper income families spend even smaller percentages of their incomes than do middle income families. Consequently, an "across-the-board" sales tax would be regressive in nature, in contrast to the present progressive character of the Florida sales tax. Further, the inclusion of groceries, medicines, and inexpensive clothing offends the belief of many people that basic necessities of life ought not be taxed for general revenue purposes. Expenditures on the various personal and other types of service trades, however, tend to absorb a smaller percentage of lower incomes than of higher incomes. Hence, extension of the tax base to more types of service trade receipts does not meet the same equity objection as would an extension to include all food and medicines.

Examination of individual exemptions.—As Table 19 above reveals, the present sales tax operates with a measure of progression among the various counties grouped by per capita income levels. In contrast, the gasoline tax is regressive in taking a larger percentage of the income of poor counties than of wealthy counties. This means that adding the sale price of gasoline to the present tax base would reduce the progressivity of the sales tax. An additional cent per gallon of gasoline purchased would approximate the extension of the 3 per cent sales tax to the current selling price of gasoline. Under either method, the additional tax would nearly double the percentage of personal income of the poorest counties required by sales taxation, and would increase the percentage required from the income of the wealthiest counties by about 10 per cent. Effective progression of the sales tax would be reduced about one-half.

If alcoholic beverages and cigarettes were included in the tax base on the basis of prices paid by the public (including state and federal excises), the result would be little change in the degree of sales tax progression. As was shown in Table 19, these taxes represented an approximately proportional load on the personal income in the various county groups classified by income level. Accordingly, the effect of including the total prices of these items in the sales tax base would be approximately the same at all income levels.

In Table 20 above, the progressive nature of the present sales tax was explained by comparing selected classes of taxable retail sales and service trade receipts with the personal incomes of the counties classified into seven per capita income groups. Among the classes shown, all represented a declining percentage

of income as county per capita declined, except the automotive group, which was regressive to a minor degree. Since the automotive group contributed less than 7 per cent to the total, it was too small a factor to overcome the progression of the other classes of sales.

In Table 25 similar classes of total retail sales and service trades — covering both taxable and nontaxable items — are shown for county groups classified by per capita income levels. Whereas total retail sales represented a larger percentage of income as the level of income declined, service trade receipts showed the opposite tendency. In particular, groceries and food sales and gasoline service station sales — and automotive sales to lesser degree — represented larger percentages of lower incomes than of higher incomes. This indicates that each of these three groups, if fully taxable, would add a further element of regression to offset the present progressive effect of the sales tax.

TABLE 25.—RETAIL AND SERVICE TRADE SALES, AS REPORTED BY THE U.S. CENSUS BUREAU, BY COUNTIES GROUPED BY LEVELS OF PERSONAL INCOME PER CAPITA: 1954

County Level of Personal Income per Capita	Total (all retail)	Selected Retail Sales				Service Trade Sales
		Groceries and food	Apparel	Automotive	Gas service stations	
Per Capita Sales						
Florida	$1,133	$ 257	$ 87	$ 219	$ 76	$ 185
Over $1,800	1,529	330	151	282	80	382
$1,500–$1,800	1,169	272	102	243	73	166
1,300– 1,500	1,122	249	73	212	73	158
1,100– 1,300	894	208	47	166	87	120
900– 1,100	839	213	44	178	77	86
700– 900	681	180	30	129 [1]	79 [1]	41
500– 700	542	145	20	101 [1]	61 [1]	41
Sales as a Per Cent of Personal Income						
Florida	75.2%	17.0%	5.8%	14.6%	5.1%	12.3%
Over $1,800	75.9	16.4	7.5	14.0	4.0	19.0
$1,500–$1,800	76.7	16.2	6.0	14.5	4.4	10.0
1,300– 1,500	78.6	17.4	5.1	14.9	5.1	11.0
1,100– 1,300	73.5	17.0	3.8	13.6	7.2	9.8
900– 1,100	82.3	20.9	4.3	17.5	7.6	8.5
700– 900	83.2	22.0	3.7	15.8 [1]	9.5 [1]	5.0
500– 700	86.0	22.9	3.1 [1]	16.0 [1]	9.7 [1]	6.5

[1] Based on estimated sales.

From the equity standpoint, removing all exemptions in food and gasoline service station sales would be undesirable, while the end of the exemption of automotive sales would be less objectionable.

Total apparel sales declined in relation to income as income declined, although not so sharply as taxable sales in this class. From this standpoint, removing the exemptions from inexpensive clothing is not objectionable. Removal would have a tendency to reduce the progressivity of the total sales tax, but only to a slight extent. The net effect of the full taxability of clothing sales would still be progressive.

Service trade receipts in total are slightly less progressive than taxable service trade receipts. The additional taxation of service trade receipts would have little effect on the equitable distribution of the sales tax.

From the equity standpoint, removing the exemption from commercial feeds, fertilizers, farm equipment, fisheries equipment, and industrial machinery presents a rather different problem from that of food or apparel. Use of the physical ingredient rule of demarcation between purchases for use and purchases for resale results in considering the purchasers of these items as the consumers thereof; hence they must pay the sales tax. These articles, however, are slowly used (depreciated) in the process of economic production over the years. Their full cost, including the sales tax, must be recovered from the customers in order that the firms may remain in the industry.

As a result, the amount of the sales tax on these items of business, agricultural, industrial, or fisheries equipment is passed on to the consumers of their products, although in a somewhat uncertain ratio. Durability of the equipment, extent of competition in the industry, elasticity of market demand, and extent of mechanization would all affect the amount of tax on the equipment passed on to an individual consumer along with his purchases from the firm. In fact, inclusion of articles which become costs of production to business firms is somewhat removed from the concept of the single-stage retail sales tax. Taxation of equipment moves in the direction of the manufacturer's sales tax, whose principal disadvantage is the pyramiding of the amount of tax passed on at each successive transfer of ownership in the distributive process.

A general sales tax hardly can avoid including some articles purchased for use in business, since they are purchased widely by both individuals and business firms. For example, paper

clips may be an individual consumer purchase or a business expense. But major articles such as machinery and implements can be rather readily classified as being for business use. From the equity standpoint, complete exemption of machinery and implements would be desirable.

If revenue considerations prevent complete exemption of machinery and equipment, some consideration might be given to taxing them at a reduced rate, rather than use of the full 3 per cent rate up to a designated amount, which is more capricious in its operation and economic effects. The lower the rate the less objectionable would be the equity effect. A rate of 1 per cent on full value might be desirable. The same consideration might be applied to sales of automobiles. These are frequently, but to an unknown extent, used for business purposes. Hence their cost, including any tax, becomes an item of business expense to be recovered from the firm's customers in the price of the goods.

Use of a 1 per cent rate on automobiles, machinery, and equipment would have a revenue effect amounting to about one-third of that indicated in Table 24 above. From the equity standpoint, a 1 per cent rate would be a compromise between complete exemption (no revenue) and complete taxability (uncertain economic effects). Administration of the sales tax with different (lower) rates applying to certain sales should present no greater difficulties than the present practice of distinguishing between taxable and non-taxable sales in thousands of business concerns. Lower rates for selected classes might actually present less difficulty, since they would require disclosure of total sales, whereas the present practice minimizes the importance of the total volume of sales.

Summary of the Florida Sales Tax

Recent rise of sales taxes to importance.—Despite vigorous opposition, state sales taxes increased rapidly during the 1930's and 1940's. By 1956, they were in use in 33 states. The most prevalent type of sales tax is based primarily on retail sales of tangible personal property, although limited varieties of services are sometimes included. The use tax is employed to supplement administration of the sales tax in 31 of the 33 sales tax states.

The most common rate on retail sales is 2 per cent, but Florida and 11 other states have a 3 per cent rate. In addition, all states employ selective sales taxes on certain varieties of commodities and services such as cigarettes, gasoline, alcoholic beverages, insurance premiums, pari-mutuels, admissions, and numerous

others. Florida ranks with the top half dozen states in revenue collected in 1956 from all general selective sales taxes, whether the tax load is expressed as an amount per capita, percentage of total state taxes, or percentage of personal income of state residents. Her dependence on selective sales taxes of all types (motor fuels, alcoholic beverages, tobacco, and "other") is greater than the average of southeastern states, all 33 sales tax states, or all 48 states, but her dependence is less on the general sales tax.

Florida's estimated share of federal excises, after tax shifting to consumers, was $194 million, or 1.94 per cent of federal collections in the United States in the fiscal year 1956. The amount of *total* consumption taxation in Florida during the same year was $464 million, or 7.8 per cent of the state personal income. Of this total, federal excises accounted for over two-fifths, selective state sales taxes for two-fifths, and the state general sales tax for almost one-fifth. Most items federally taxed are also taxed by Florida, but trucks and automobiles and transportation of persons and property are not taxed by Florida. Counting all types of consumption taxes, federal and state, taxes on consumption in Florida exceeded those in 37 other states in 1956 as a percentage of personal income. Florida's tourism reduces the severity of this apparent weight on the personal income of the state residents.

States that employ both general sales and income taxes derive a larger amount per capita — and pay a higher percentage of their personal income — from general sales tax than do those states that tax sales but not incomes. Florida's general sales tax effort in comparison with the latter group of states is lower than average as a per capita amount, but higher as a percentage of personal income.

Demonstrated revenue productivity has made the general sales tax a major state revenue source from which 33 states collected over $3 billion in 1956, accounting for 22.7 per cent of all state tax collections.

Florida sales tax described.—The Florida sales tax base consists of four major parts, each taxed at 3 per cent: sale, lease, or rental of tangible personal property at retail; use or storage of tangible personal property; transient lodging rentals; and admissions to amusements. Substantial exclusions or exemptions are found in each section of the tax base.

Each of the Florida exemptions is found in one or more other states, but Pennsylvania and possibly Maryland are the only general sales tax states whose tax base appears to be narrower in

coverage than the Florida base. Recognition of the tourist contribution to the Florida sales tax further emphasizes the narrowness of tax coverage.

In addition to the 3 per cent rate of the Florida sales tax, many items are subject to federal excise rates which may equal as much as 3 to 10 per cent of the retail price. Selectivity of federal excise coverage is significant in relation to the numerous exemptions from the Florida sales tax base, and may result in considerable discrimination among various industries and commodities.

Occupational and business aspects of sales tax.—Approximately 86 per cent of Florida sales tax collections are derived from retail sales and 14 per cent from mixed service trade and retail sales receipts. Lumber dealers, builders, and contractors form the largest occupational group in retail sales tax collections, accounting for 23 per cent in 1956. Smaller percentages were derived from the following groups: general merchandise, food and beverages, furniture and appliances, automotive, apparel, and drug stores. In the mixed service trade and retail sales group, lodgings and admissions accounted for more than 12 per cent of total collections. The pattern of occupational distribution of sales tax collections has remained stable during the past four years.

Comparison of data from the 1954 Census of Business with sales tax data for the fiscal year 1955 reveals that 49 per cent of retail sales and 54.6 per cent of service trade receipts were taxable. Within both these categories, considerable variation occured in the percentage of total sales that were taxable.

Because of the nature of the Florida sales tax base, tourism exerts a significant effect on collections. Major areas of tourist expenditures subject to the sales tax include restaurant meals, lodgings, amusement admissions, and souvenirs.

A classification of Florida counties into primary tourist, secondary tourist, and non-tourist groups reveals that 56.3 per cent of 1955 collections were derived from 11 primary tourist counties, 29.2 per cent from 8 secondary tourist counties, and 11.2 per cent from 48 counties classified as non-tourist.

Collections represented .9 per cent of personal income in non-tourist counties, 1.2 per cent in secondary tourist counties, and 1.7 per cent in primary tourist counties. Based upon this threefold classification of counties, the tourist contribution to the Florida sales tax collection was preliminarily estimated at 36.2 per cent of the total. Major qualifications applying to this percentage are the tourist expenditures in non-tourist counties and im-

portant shopping areas in tourist counties that attract resident trade from non-tourist counties. For these and other reasons, the first approximation is reduced to one-fourth as the probable tourist share of the Florida sales tax collections.

The tourist contribution to the sales tax is estimated at about 24 cents per day, the tax on $8 expended mainly on meals, lodgings, amusements, and souvenirs. In comparison, the resident share is estimated at about 3.7 cents per day, the tax on expenditure of $1.25 per day.

Nevertheless, the Florida resident pays the major share (about three-fourths) of the sales tax. To secure any greater amount of sales tax from the tourist would require either raising the tax rate or extending the tax to transactions now exempt. An increase in the rate would increase the amounts paid by both residents and tourists, without materially altering the proportions, while the termination of exemptions would not only increase the amount but also the proportion paid by residents.

Comparative sales tax loads of regions and counties.—Florida's largest county in sales tax payments is Dade county which paid 28.3 per cent of the 1956 total. The next four largest counties, Duval, Hillsborough, Pinellas, and Broward, paid 32 per cent, while the 60 smallest counties paid 29.9 per cent. Orange and Palm Beach counties provided the remaining 9.8 per cent of the total.

When the counties are grouped into four regions — termed Northwest, Northeast, Central, and South — the sales tax is seen to bear more heavily on retail sales in South Florida than in other regions. The relative sales tax payments were lightest on sales in Northwest Florida. Sales tax payments represented a larger share of personal income of residents in South Florida than in other areas. The well known importance of tourism in South Florida suggests that the sales taxes of that region are, after tax shifting, partly paid from the personal income of non-residents.

To replace unsupported opinion about local ability to pay sales taxes, a systematic study was conducted of the relation of Florida sales taxes to ability to pay as evidenced by personal income of Florida residents. General sales tax, gasoline tax, and alcoholic beverage and cigarette taxes are each shown in per capita amounts and as percentages of personal income in each county with the counties grouped by levels of personal income per capita.

By the test of per capita tax payments, the amount of sales taxes varied directly with the income level. Per capita taxes

were highest in counties with the highest incomes per capita and lowest in counties with the lowest incomes per capita.

By the test of the sales tax as a percentage of personal income, the same finding resulted. General sales tax payments ranged downward from 1.64 per cent of personal income in the highest income group to .68 per cent in the lowest income groups. The general sales tax is therefore distributed *progressively* among counties of varying levels of income.

By the same tests, the distribution of the gasoline tax among counties was *regressive,* being heavier where personal incomes were low and lighter where incomes were high. Alcoholic beverage and cigarette taxes taken together represent an approximately *proportional* distribution, taking nearly the same percentage of income at all levels of income.

When all sales taxes, including those not mentioned separately, are considered as a total, consumption taxes are seen to be distributed *regressively;* they ranged upward from 3.32 per cent of income in the highest income counties to 5.87 per cent of income in the lowest income counties. As the more recent addition to the Florida revenue system, the sales tax has added an element of progressivity to the tax system, although not enough to offset completely the regressivity of the selective sales taxes. A mild degree of regressivity remains in the distribution of total general and selective sales taxes.

To aid in understanding why the general sales tax is progressive in Florida, taxable sales were classified into several categories for each county income level. Total taxable retail sales varied from 41 per cent of personal income in the wealthiest counties to 18.3 per cent in the poorest counties. At present, the Florida sales tax, by reason of exemptions, provides a progressive basis for taxation according to ability to pay.

Total taxable service trade receipts varied from 10.9 per cent of income in the wealthiest counties to 2.8 per cent in the poorest counties.

When *taxable* sales are compared with *total* sales in each group of counties classified by per capita income level, both total sales and taxable sales declined with lower income. Taxable sales, however, declined more rapidly in per capita amounts and in percentages of personal income. In summary, service trade receipts, whether restricted to the part now taxable or comprising all receipts, form a progressive basis for sales taxation related to ability to pay.

The foregoing analysis of the distribution of present or possible tax loads, although based on the geographical distribution among the 67 counties, has significant implications for the taxpaying ability of individuals and of income classes within each county. In general, as the personal income per capita of counties rises from a low to a high average, all income and taxpaying groups benefit by receiving more income. The number of families and individuals receiving relatively ample incomes — and hence having taxpaying ability — increases or decreases in correspondence with a rise or fall in the level of county income per capita.

Administrative problems.—Administration of the sales tax involves monthly returns from as many as 90,000 to 110,000 taxpayers. To secure a list of potential taxpayers, a dealer's certificate of registration is required of all handling taxable transactions. Monthly reporting is most frequent among sales tax states, but several states require only quarterly reporting or permit it as an exception for small returns.

Handling the multitude of Florida sales tax returns involves a combination of punched card techniques in the central office, together with decentralization of follow-up procedures in the area offices. Collection costs have recently been running well below 2 per cent of collections, but these costs are supplemented by a statutory compliance cost allowance of 3 per cent of the gross tax. Practice varies regarding an allowance for compliance costs of the taxpayer; some states allow none, some allow 1 per cent, and others allow 3 per cent. Unlike many other states, Florida insists that the full amount of tax collected by the bracket system be reported to the Comptroller. Undoubtedly, in other states some firms profit from the "breaks," whereas in Florida the uniform percentage allowance compensates all taxpaying firms in a similar manner.

Penalties to aid in enforcement of prompt reporting and remittance of the tax include a loss of compliance allowance, additional monthly penalties, and annual interest on unpaid tax amounts. Area offices have a desirable amount of discretion in applying or compromising these penalties. The delinquency rate is reported to be generally low throughout all 19 areas of sales tax administration.

A reasonably small amount of litigation is carried on by the Comptroller in administering the sales tax. Questions for litigation usually involve the question of taxability rather than the accuracy of an audit assessment. The Comptroller's position has been that exemptions are to be strictly construed, but the courts

have at times construed exemptions more broadly than has the Comptroller. A very large proportion of exemptions hinge upon the use of an article or the purpose of the purchaser, rather than the nature of the article, raising some administrative difficulties. Nevertheless, exemptions are the primary means for making the Florida sales tax equitable. Even if all exemptions were removed, administrative problems would remain.

Possible modifications in sales tax.—Modification of taxes (other than regulatory measures) can be based upon considerations of revenue, administration, or equity. Modifications change the tax rate, or the tax base, or both. Ordinarily the revenue will be increased by raising the tax rate or by broadening the tax base; the revenue will be decreased by lowering the tax rate or by narrowing the tax base.

Beyond some point, usually beyond those in current use, further increases in the tax rate will seriously aggravate the problem of administration. Generally, larger numbers of taxpayers and frequent reporting increase the administrative problem. The more exemptions, the more difficult is administration, especially when the extent of exemption depends on the use rather than on the nature of the items. Ease of compliance by the taxpayer promotes easier administration.

Equity considerations, whether based on benefit or ability to pay, requires looking at the question of whether a tax, or a tax system, is progressive, proportional, or regressive in relation to the personal income out of which taxes are paid. This study concludes that a moderate degree of progression in the Florida state tax system is desirable. Moderate progression in sales taxation is different from—and should not be confused with—net income taxes in which a high degree of progression results from taxing income by rates that increasingly rise with increasing income. Equity is not so much a consideration of abstract justice as it is a standard for testing the effects of taxation upon businessmen, other individuals, and local areas as well as on the state's economy as a whole.

Actual choice among possible changes (or even no change) in the tax system must be based on a joint consideration of revenue effects, administrative problems, and equity considerations.

One type of sales tax modification has been advocated as an "across-the-board" sales tax, by which all present exemptions would be removed. Such a change would increase the sales tax yield by an estimated 113 per cent of the amount produced by the present law.

This estimate is broken down into an estimated 89 per cent increase by ending all retail trade exemptions, an estimated 12 per cent by ending all service trade exemptions, and an estimated 12 per cent by ending all exemptions on machinery and equipment.

Estimates of the revenue yield of the present sales tax in the 1957-1959 biennium have been released by the Comptroller and by the Budget Director. Their estimates differ mainly on the expected volume of economic activity in the nation and the state. Both estimates appear to be based on an assumption that current boom trends will continue unabated.

To realize either of the official estimates would require a rapid growth in population and productivity of management and labor, in combination with price inflation. Further price inflation would bring state cost increases for building construction and current materials, although salary costs would be fixed in the budget. The estimate here given is optimistic, though moderately less so than the official estimates released earlier. The yield of the present sales tax law is estimated to be $105,636,000 and $116,015,000 for the two years of the 1957-1959 biennium.

Removal of all existing exemptions in retail trade is estimated to have a revenue effect that would amount to increases of $94,016,000 and $103,253,000 in the next biennium. Removal of all service trade exemptions would result in an estimated revenue increase of $12,676,000 and $13,922,000 in the next biennium. Removal of all exemptions from machinery and equipment would produce an estimated revenue of $12,676,000 and $13,922,000 in the two years.

An "across-the-board" sales tax of the type just described would still provide about 40 per cent more revenue than the present law with a reduction of the rate to 2 per cent. This broadening of the tax base would simplify the collection and reporting process, but would not remove the problem of delinquency and might even worsen delinquency.

The major problem of removing all exemptions arises from the question of equity. An "across-the-board" tax would be regressive, in contrast with the progressive nature of the present Florida tax. Inclusion of groceries, medicine, and inexpensive clothing offends the belief of many people that basic necessities of life ought not be taxed. Extension of the tax base to more types of service trades does not meet the same equity objection, since they tend to absorb a smaller percentage of lower personal incomes than of higher incomes.

The addition of the sale price of gasoline to the present tax base would reduce the progessivity of the sales tax by about one-half its present progression. Adding both alcoholic beverages and cigarettes to the tax base would have little effect on the degree of progression in the sales tax.

Groceries and food sales, gasoline service station sales, and automotive sales to a lesser degree represent larger percentages of lower incomes than of higher incomes. If fully taxable, they would each add an element of regression to offset the present progressive effect of the sales tax. Taxation of automotive sales, however, would be less objectionable from the equity viewpoint.

Taxation of all clothing would reduce progressivity of the sales tax slightly, but the net effect of the tax would still be progressive. Additional taxation of service trade receipts would have little effect on the equitable distribution of the sales tax.

From the equity standpoint, the removal of the exemption from commercial feeds, fertilizers, farm equipment, fisheries equipment, and industrial machinery would be undesirable. A sales tax on these articles would become costs of production to be passed on to the consuming public in higher prices with possible pyramiding of the amount of the tax.

If revenue considerations should prevent complete exemption of machinery and equipment, consideration of a lower rate than the full 3 per cent might be desirable. The same consideration should extend to automobiles; these are frequently, but to an unknown extent, used for business purposes. Administration of the sales tax with lower rates on selected classes of sales should present no greater difficulty than the present distinction between taxable and non-taxable sales. This plan would have the advantage of requiring the disclosure of total sales, whose importance is minimized in present practice.

Important characteristics.—As a component of the Florida state tax system, the general sales tax is a good tax. It is an important producer of revenue now running second only to the gasoline tax, which it may well surpass in the near future. The sales tax yield adjusts to price increases better than many other taxes. While this is not always an unmixed blessing, the predominant trend of prices upward has made this an important revenue advantage. While the sales tax produces large sums for the State General Revenue Fund, the taxpayer pays in small and frequent installments rather than in a relatively large outlay at one time.

The sales tax permits the sharing of governmental costs between the residents and tourists to a significant extent, as do other

consumption taxes, but on a somewhat less discriminating basis than selective sales taxes. The result of this sharing of governmental costs is that the tourists help to pay for Florida public services when they would be tax free under net income taxes, and would be undertaxed if they paid only the portion of property taxes shifted in rentals to tourists.

Several years' administration of essentially the same sales tax law has resulted in an excellent administrative organization, with high morale on the part of both administrators and taxpayers.

The Florida sales tax is progressive in nature, taking larger percentages of high incomes than of low incomes. This important characteristic is all too rare in state tax systems that rely as heavily on consumption taxes as do many states in the Southeast and in other regions. Florida is to be commended for developing one of the few examples of a state sales tax that is progressive in relation to income distribution.

Suggestions for improvement.—A consideration first of administration prompts the suggestion of specific provision for quarterly reporting of small amounts of tax payment. This is a desirable administrative development in the sales tax.

The period of time available to the Comptroller for audit should not be reduced below his present application of the two-year statute of limitation as set forth in Rule 93. To increase this period by one year might even be desirable, especially if the courts should show a disposition to apply the two-year rule to the date of completion of an audit rather than its beginning.

The first major suggestion offered to improve the Florida sales tax is that in any modification considered the principle of progression in the distribution of the tax load be retained. Whether the immediate basis for suggested modifications be revenue need, administrative considerations, or equity in treatment of taxpayers and occupational groups, the need for some important element of progression within the sales tax should be kept in mind.

Extension of the tax base or removal of present exemptions is not so much required by equity considerations as by the possibility of increases in need for revenue in the next or later bienniums. The expression of exemptions, however, in terms of the character of the article or service, rather than the use to be made of it, promotes easier administration.

Extension of the tax base by removal of all exemptions, giving the state an "across-the-board" sales tax, would be undesirable for equity reasons. This would destroy the progressive character

of the sales tax, resulting in an even greater degree of regression in total general and selective sales taxes.

The following items should be removed from the tax base completely: industrial machinery, business equipment, and office and business supplies. This is recommended mainly because these items are a considerable departure from the basic idea of the Florida sales tax—a single-stage tax at the consumption level. Taxes on these items become elements of business cost as truly as do raw materials or non-returnable containers. Their tax amounts must be recovered through the prices of articles or services sold to the public. An alternative to the complete exemption of industrial machinery and business equipment would be to levy a 1 per cent rate on their *total* sales value.

The following exemptions should be retained: groceries, medicines, utility services, agricultural machinery, fisheries equipment, and motor fuels. Retention of the exemption on groceries and medicine is desirable to prevent an inequitable transfer of greater burden to the lower income counties and lower income families. These are the major exemptions accounting for the progressive character of the present tax. Continued exemption of utility services is desirable because of the importance of utility taxes and utility transfers to general funds in municipal finances. Continued exemption of agricultural and fisheries equipment is desirable because they are like industrial machinery in being a business cost of production to be shifted to the general public through prices of products.

As required by revenue needs, the following articles and services may be added to the tax base. First choice for additions to the tax base should be these: personal services, repair and installation services, and automobile purchases. Second choice for additional taxable items are these: inexpensive clothing, real estate transfers, cigarettes, and alcoholic beverages.

In the first choice items are two types of consumer services whose addition to the tax base would still leave the tax progressive in its distribution. No particular value arises from adhering only to the taxation of tangible personal property; and the present law wisely goes beyond that scope in taxing lodgings and admissions. Purchase of personal and business services are equally suitable to sales tax levy and administration. Purchases of automobiles, if added to the tax base would not add any progressivity; but neither would this class subtract very much from that already existing. A lower rate (1 per cent or 2 per cent) could be levied on automobiles, or even applied only to new cars

rather than including both new and used car sales. Privilege and use taxes are so well established that the constitutional prohibition against other taxes on automobiles as property—which was never meant to apply to the sales tax—could be avoided in drafting the statute.

Second choice items for consideration in the tax base are listed because their inclusion would be desirable much more for revenue reasons than for equity reasons. Taxing all clothing would reduce the progressivity of the present clothing coverage only slightly. Real estate transfers could be included, preferably at a lower rate than the general 3 per cent rate. A rate of 1/2 per cent or 1 per cent is suggested. This would be particularly appropriate if the documentary stamp tax should be repealed, but the suggestion is not dependent on its repeal. Cigarettes and alcoholic beverages could be included primarily for revenue reasons. The extension of the sales tax to these classes would raise still more the total taxes on these commodities having an inelastic demand. The effect on the equity of the existing tax distribution, however, would be very slight, since these two together represent nearly the same percentage of personal incomes at all levels of income.

Increases or decreases in state revenue from the suggested changes in the Florida sales tax during the 1957-59 biennium are summarized as follows:

Type of Change	1957–58	1958–59
1. Exemptions extended completely:		
Office and business supplies	$— 2,113,000	$— 2,320,000
Fertilizers	— 480,000	— 480,000
Total	— 2,593,000	— 2,800,000
2. Choice of treatment of industrial machinery and business equipment:		
Complete exemption	$— 2,642,000	$— 2,900,000
1% rate on all sales	+ 4,677,000	+ 5,221,000
3. First choices for removal of exemptions:		
Personal services	$+ 5,282,000	$+ 5,801,000
Repair and installation services	+ 6,338,000	+ 6,961,000
Motor vehicles—1% rate	+ 8,099,000	+ 8,894,000
2% rate	+16,198,000	+17,798,000
Total (with vehicles at 1%)	+19,719,000	+21,656,000
Total (with vehicles at 2%)	+27,818,000	+30,560,000
4. Second choices for removal of exemptions:		
Inexpensive clothing	$+ 6,338,000	$+ 6,961,000
Real estate transfers (½% or 1%)	Not estimated	Not estimated
Cigarettes	+ 3,169,000	+ 3,480,000
Alcoholic beverages	+11,620,000	+12,762,000
Total (excluding realty transfers)	+21,127,000	+23,203,000

The suggestions tabulated above are presented as four separate classes from which choices may be made rather than as an entire group. These sources are suggested as possibilities for later consideration when revenue needs will be known more exactly and not as recommendations for specific revenue increases in advance of the determination of revenue requirements. If revenue needs should rise beyond the estimated yield of the present sales tax, however, preference should be given to the listed classes.

Date Due

Due	Returned	Due	Returned
NOV 1 1 '60 MI	NOV 1 2 '60		
JAN 4 '61 MI			
JUN 2 5 '63 MI	JUN 1 4 '63		
DEC 1 5 '65 MI	DEC - 7 '65 MI		
JAN 2 3 '67	JAN 9 - '68 RE		
JUL - 9 '68 RE	3 - '68 RE		
MAY 1 9 1987	APR 2 8 1987		